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RICHARD W. WIEKING
CLERK
U.S. DISTRICT COURT
NO. DIST. OF CA. S.J.

Attorneys for Defendant
GEOSTAR CORPORATION, GEOSTAR FINANCIAL SERVICES CORPORATION, and
TONY FERGUSON

E-FILED

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA0- SAN JOSE

C08 03898

PETER FORTENBAUGH and BETTY LEE,
in their capacity as Trustees of THE PETER
FORTENBAUGH TRUST, a California Trust,

Plaintiffs,

vs.

CLASSICSTAR FINANCIAL SERVICES,
INC., a Delaware Corporation, GEOSTAR
CORPORATION, a Delaware Corporation,
GEOSTAR FINANCIAL SERVICES
CORPORATION, a Delaware Corporation,
TONY FERGUSON, an individual, and DOES
1 through 30, inclusive,

Defendants.

Case No.

DECLARATION OF RUBEN RUIZ IN
SUPPORT OF DEFENDANTS GEOSTAR
CORPORATION, GEOSTAR FINANCIAL
SERVICES CORPORATION, AND TONY
FERGUSON'S NOTICE FOR REMOVAL
TO FEDERAL COURT

Superior Court of the State of California
County of Santa Clara
Case No. 107CV084507

PVT

TO THE HONORABLE JUDGES OF THE UNITED STATES DISTRICT COURT FOR
THE NORTHERN DISTRICT OF CALIFORNIA:

I, Ruben Ruiz, declare as follows:

1. I am an attorney at law admitted to practice before the United States District
Court Northern District of California. I am an attorney at the law firm of Bassi, Martini, Edlin &
Blum, LLP, counsel of record for GEOSTAR CORPORATION, GEOSTAR FINANCIAL
SERVICES CORPORATION, and TONY FERGUSON (collectively "NEW DEFENDANTS").

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DECL. OF RUBEN RUIZ IN SUPP. OF NEW DEFENDANTS' NOTICE FOR REMOVAL

1 I have personal knowledge of the facts set forth in this Declaration and, if called as a witness,
2 could and would testify competently to such facts under oath.

3 2. On July 15, 2008, I was served on behalf of NEW DEFENDANTS with Plaintiffs
4 PETER FORTENBAUGH and BETTY LEE, in their capacity as Trustees of THE PETER
5 FORTENBAUGH TRUST, a California Trust's, ("FORTENBAUGH") First Amended
6 Complaint ("FAC"). A true and correct copy of the FAC is attached as Exhibit A to this
7 declaration.

8 3. A true and correct copy of FORTENBAUGH's original Complaint is attached as
9 Exhibit B.

10 4. In response to FORTENBAUGH's original Complaint, CLASSICSTAR filed an
11 Answer and Cross-Claim on July 9, 2007.

12 5. A true and correct copy of CLASSICSTAR FINANCIAL SERVICES, INC.'s
13 Voluntarily Dismissal is attached at Exhibit C.

14 6. FIRST SOURCE WYOMING, INC. ("FSW"), a second cross-claimant, filed a
15 permissive cross-claim against FORTENBAUGH for unjust enrichment on July 9, 2007.

16 7. A true and correct copy of FIRST SOURCE WYOMING, INC.'s Voluntarily
17 Dismissal is attached at Exhibit D

18 8. Promptly after the filing of this Notice of Removal in the United States District
19 Court for the Northern District of California, written notice of such filing and supporting
20 documents will be given by the undersigned to counsel for FORTENBAUGH, including Request
21 for Judicial Notice, and supporting declarations of Ruben Ruiz, Milton J. Evans, Jr. and Tony
22 Ferguson. A written notice and will also be filed with the Clerk of the Superior Court of the
23 State of California, in and for the County of Santa Clara, along with supporting documents. A
24 true and correct copy of the Notice to be filed with the Clerk of the Superior Court of the State
25 of California, in and for the County of Santa Clara is attached as Exhibit E (without exhibits).

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1 I declare under penalty of perjury under the laws of the State of California that the
2 foregoing is true and correct. Executed this 13th day of August, 2008 in San Francisco,
3 California.

4
5 BASSI, MARTINI, EDLIN & BLUM LLP

6
7 By: 

8 RUBEN P. RUIZ
9 Attorneys for Defendant
10 GEOSTAR CORPORATION, GEOSTAR
11 FINANCIAL SERVICES CORPORATION, AND
12 TONY FERGUSON
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EXHIBIT A

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Attorneys for Plaintiffs
 PETER FORTENBAUGH and BETTY LEE,
 in their capacity as Trustees of THE PETER
 FORTENBAUGH TRUST

SUPERIOR COURT OF THE STATE OF CALIFORNIA
 COUNTY OF SANTA CLARA

PETER FORTENBAUGH and BETTY LEE,
 in their capacity as Trustees of THE PETER
 FORTENBAUGH TRUST, a California
 Trust,

Plaintiffs,

v.

CLASSICSTAR FINANCIAL SERVICES,
 INC., a Delaware corporation, GEOSTAR
 FINANCIAL SERVICES CORPORATION,
 a Delaware corporation, GEOSTAR
 CORPORATION, a Delaware corporation,
 TONY FERGUSON, an individual, and
 DOES 4 through 30, inclusive,

Defendants.

FIRST SOURCE WYOMING, INC., a
 Delaware Corporation,

Cross-Complainant,

v.

PETER FORTENBAUGH and BETTY LEE,
 in their capacity as Trustees of THE PETER
 FORTENBAUGH TRUST, a California
 Trust, and ROES 1 through 30, inclusive,

Respondent.

No. 107CV084507

Action Filed: April 24, 2007

[PROPOSED] FIRST AMENDED
 COMPLAINT FOR DAMAGES FOR:

1. BREACH OF CONTRACT:
 PURCHASE AGREEMENT;
2. UNJUST ENRICHMENT;
3. BREACH OF CONTRACT:
 ESCROW AGREEMENT;
4. DECEIT/FRAUD;
5. NEGLIGENT MISREPRESENTATION

DEMAND FOR TRIAL BY JURY

COMES NOW, Plaintiffs and Cross-Defendants PETER FORTENBAUGH and BETTY LEE, in their capacity as Trustees of THE PETER FORTENBAUGH TRUST, a California Trust, and for causes of action against Defendant CLASSICSTAR FINANCIAL SERVICES, INC., Defendant GEOSTAR FINANCIAL SERVICES CORPORATION, Defendant GEOSTAR CORPORATION, Defendant TONY FERGUSON, and DOES 4 through 30, allege as follows:

PARTIES

1. Plaintiffs and Cross-Defendants PETER FORTENBAUGH and BETTY LEE, in their capacity as Trustees of THE PETER FORTENBAUGH TRUST, a California Trust ("Plaintiffs"), are individuals residing in Santa Clara County, State of California.

2. Plaintiffs are informed and believe, and on that basis allege, that Defendant CLASSICSTAR FINANCIAL SERVICES, INC. ("ClassicStar") is a Delaware corporation with its principal place of business located in the State of Michigan.

3. Plaintiffs are informed and believe, and on that basis allege, that Defendant GEOSTAR FINANCIAL SERVICES CORPORATION ("GeoStar Financial") is a Delaware corporation with its principal place of business located in the State of Michigan.

4. Plaintiffs are informed and believe, and on that basis allege, that Defendant GEOSTAR CORPORATION ("GeoStar") is a Delaware corporation with its principal place of business located in the State of Michigan.

5. Defendant TONY FERGUSON ("Ferguson") is a natural person who, Plaintiffs are informed and believe, and on that basis allege, at all relevant times was a director, officer and/or substantial shareholder of ClassicStar, GeoStar Financial and/or GeoStar, and resides primarily in the State of Florida.

6. Defendants Does 4 through 30 are fictitious names of those defendants whose true names are unknown to Plaintiffs and whose true capacities, whether as individuals, corporations, partnerships, or otherwise, are also unknown. When the true names or capacities are ascertained, Plaintiffs will amend this First Amended Complaint by inserting the true names and capacities. Plaintiffs are informed and believe, and on that basis allege,

1 that at all relevant times, each of the defendants named in this complaint as Does 4 through
 2 30 was responsible in some manner for the events and happenings alleged in this First
 3 Amended Complaint.

4 7. At all times herein mentioned, each of Defendants was the agent, employee,
 5 principal, alter ego and co-conspirator of each other, and in doing the acts herein alleged,
 6 were acting within the course and scope of that agency, employment, representation or
 7 relationship, and with the knowledge, consent, and approval of each of the other Defendants.

8 VENUE

9 8. Venue is proper in this Court pursuant to California Code of Civil Procedure
 10 §395.5, because the agreements at issue were made and were to be performed, and their
 11 breach and injury to the Plaintiffs occurred, in Santa Clara County, State of California.

12 9. The deceit/fraud and/or negligent misrepresentation by Defendant Ferguson was
 13 meant to and did induce conduct by Plaintiffs in Santa Clara County, State of California,
 14 which conduct caused injury to Plaintiffs in Santa Clara County, State of California.

15 10. Venue is further proper in this Court because Defendant ClassicStar has
 16 consented to jurisdiction in this Court by previously appearing in this matter for general
 17 purposes.

18 GENERAL ALLEGATIONS

19 11. On or about September 30, 2005, Plaintiffs and Defendant ClassicStar entered
 20 into a written Equine and Working Interest Purchase Agreement (the "Purchase
 21 Agreement") in Santa Clara County, California. A true and correct copy of the Purchase
 22 Agreement is attached hereto as Exhibit A and incorporated herein.

23 12. The Purchase Agreement provides that Defendant ClassicStar was to purchase
 24 certain assets, including Plaintiffs' mare-lease business, in exchange for (a) \$6.1 million plus
 25 interest thereon at a rate of 6% accruing as of September 1, 2005 and (b) the assumption by
 26 ClassicStar of outstanding indebtedness owed by Plaintiffs to the National Equine Lending
 27 Corporation.

28 13. ClassicStar's payment obligations under the Purchase Agreement were to have

1 been secured by collateral provided by Defendant GeoStar Financial, as set forth in the
 2 Escrow Agreement (the "Escrow Agreement") dated September 30, 2005. A copy of the
 3 Escrow Agreement, alleged by GeoStar Financial Corporation in its Answer filed in
 4 *Fortenbaugh-Lee Investments, LLC. v. GeoStar Financial Corp.*, No. 06-5513 (N.D. Cal.
 5 filed Oct. 30, 2006), to be a "genuine copy," and pursuant to which GeoStar Financial
 6 Corporation alleged to have made "set off payments," is attached hereto as Exhibit B and
 7 incorporated herein.

8 ALTER EGO ALLEGATIONS

9 14. Plaintiffs are informed and believe, and on that basis allege, that there exists, and
 10 at all times relevant there existed, a unity of interest and ownership between and among
 11 Defendants ClassicStar, GeoStar Financial and GeoStar, such that any individuality and
 12 separateness between them have ceased, and Defendant GeoStar is the alter ego of
 13 Defendants ClassicStar and GeoStar Financial. Plaintiffs base this allegation in part upon
 14 the allegations set forth in Paragraphs 15-21.

15 15. Plaintiffs are informed and believe, and on that basis allege, that Defendant
 16 Ferguson, who negotiated the terms of the Purchase Agreement on behalf of ClassicStar and
 17 the terms of the Escrow Agreement on behalf of GeoStar Financial, is, and at all times
 18 relevant was, a director, officer and/or substantial shareholder of Defendants ClassicStar,
 19 GeoStar Financial and GeoStar.

20 16. Plaintiffs are informed and believe, and on that basis allege, that Defendant
 21 GeoStar is, and at all times relevant was, a substantial shareholder of and/or shared common
 22 ownership with, Defendants ClassicStar and GeoStar Financial.

23 17. The address provided for Defendant ClassicStar in the Purchase Agreement is,
 24 and at all times relevant was, also the principal place of business for Defendant GeoStar, and
 25 Plaintiffs are informed and believe, and on that basis allege, that Defendants ClassicStar and
 26 GeoStar employed some of the same employees and agents.

27 18. The address provided for Defendant GeoStar Financial in the Escrow Agreement
 28 is, and at all times relevant was, also the principal place of business for Defendant GeoStar,

1 and Plaintiffs are informed and believe, and on that basis allege, that Defendants GeoStar
2 Financial and GeoStar employed some of the same employees and agents.

3 19. Plaintiffs are informed and believe, and on that basis allege, that Defendant
4 ClassicStar is, and at all times relevant was, so inadequately capitalized that, compared with
5 its obligations under the Purchase Agreement, its capitalization was illusory.

6 20. Plaintiffs are informed and believe, and on that basis allege, that Defendant
7 GeoStar Financial is, and at all times relevant was, so inadequately capitalized that,
8 compared with its obligations under the Escrow Agreement, its capitalization was illusory.

9 21. Plaintiffs are informed and believe, and on that basis allege, that to the extent
10 Defendants ClassicStar and GeoStar Financial at any time had assets, Defendants Ferguson
11 and others so completely controlled, dominated, managed, and operated Defendants
12 ClassicStar, GeoStar Financial and GeoStar and intermingled the assets of each to suit the
13 convenience of Defendant Ferguson and others. For example, Defendant ClassicStar's
14 payment obligations under the Purchase Agreement were to have been secured by collateral
15 provided, not by Defendant ClassicStar, but by Defendant GeoStar Financial as set forth in
16 the Escrow Agreement. Typically, however, Defendant Ferguson and others would place
17 any assets of Defendants ClassicStar and GeoStar Financial in the name of Defendant
18 GeoStar in order to evade payment of the obligations owed to Plaintiffs.

19 22. Based on the above and such other information, Plaintiffs are informed and
20 believe, and on that basis allege, that Defendants ClassicStar and GeoStar Financial are, and
21 at all times relevant were, mere shells and shams that were conceived, intended, and used by
22 Defendants GeoStar and Ferguson and others as a device to avoid liability under the
23 Purchase Agreement and Escrow Agreement and for the purpose of substituting financially
24 insolvent corporations in the place of Defendant GeoStar.

25 23. Adherence to the fiction of the separate existence of Defendants ClassicStar and
26 GeoStar Financial as entities distinct from Defendant GeoStar, and of Defendant Ferguson
27 as separate from any of these entities, would therefore permit an abuse of the corporate
28 privilege and would sanction fraud and promote injustice in that it would permit, as

1 Defendants GeoStar and Ferguson intended, Defendants ClassicStar and GeoStar Financial
2 to breach the Purchase Agreement and Escrow Agreement without permitting Plaintiffs any
3 recourse.

4 **FIRST CAUSE OF ACTION**
5 **Breach of Contract: Purchase Agreement**
6 **Against ClassicStar and GeoStar**

7 24. Plaintiffs re-allege and incorporate Paragraphs 1 through 23 above as though
8 fully set forth herein.

9 25. The Purchase Agreement between Plaintiffs and Defendant ClassicStar provides
10 for Defendant ClassicStar to make principal and interest payments to the Trust in accordance
11 with the Payment Schedule attached as Exhibit B to the Purchase Agreement.

12 26. Defendant ClassicStar made the first payment of \$314,038.36 owed under the
13 Purchase Agreement, which payment was due as of September 15, 2005.

14 27. Pursuant to the Payment Schedule, Defendant ClassicStar was and is required to
15 make, on the dates set forth, the following additional payments:

16 4/1/06 - \$1,191,907.75
17 7/1/06 - \$ 472,360.60
18 10/1/06 - \$ 466,330.55
19 1/1/07 - \$ 460,300.50
20 4/1/07 - \$ 454,270.45
21 7/1/07 - \$ 448,240.40
22 10/1/07 - \$ 442,210.35
23 1/1/08 - \$ 436,180.30
24 7/1/08 - \$1,060,755.02
25 1/1/09 - \$1,030,377.51

26 28. Defendant ClassicStar has breached the Purchase Agreement by failing to make
27 the following payments: (a) \$1,191,907.75, due on April 1, 2006; (b) \$472,360.60, due on
28 July 1, 2006; (c) \$466,330.55, due on October 1, 2006; (d) \$460,300.50, due on January 1,
2007; (e) \$454,270.45, due on April 1, 2007; (f) 448,240.40, due on July 1, 2007;
(g) \$442,210.35, due on October 1, 2007; (h) 436,180.30, due on January 1, 2008; and
(i) \$1,060,755.02, due on July 1, 2008.

29 29. At all relevant times herein, Plaintiffs have performed all of the covenants and
30 promises required on their part to be performed in accordance with the terms and conditions

1 of the Purchase Agreement.

2 30. Based on the above breach, Plaintiffs made a written demand on August 21, 2006
3 (the "Demand Letter") that Defendant ClassicStar make the payments which were due on
4 April 1, 2006, and on July 1, 2006. A copy of the referenced Demand Letter is attached
5 hereto as Exhibit C.

6 31. Defendant ClassicStar has not responded to the Demand Letter, and has not made
7 the April 1, 2006 payment or the July 1, 2006 payment or any subsequent payment.

8 32. Defendant ClassicStar's failure to even acknowledge or respond to the Demand
9 Letter; as well as its failure to make the April 1, 2006, July 1, 2006, October 1, 2006,
10 January 1, 2007, April 1, 2007, July 1, 2007, October 1, 2007, January 1, 2008, and July 1,
11 2008 payments, evidence that it is fruitless for Plaintiffs to make additional demands for
12 additional payments which are currently owing, or which may become owing under the
13 Purchase Agreement.

14 33. Defendant ClassicStar, by virtue of the above conduct, has additionally
15 repudiated and/or anticipatorily breached the Purchase Agreement. As such, all payment
16 amounts set forth on the Payment Schedule are immediately due and owing.

17 34. As a direct and proximate result of the breach and anticipatory breach of the
18 Purchase Agreement by Defendant ClassicStar, Plaintiffs have sustained damages in the
19 amount of at least the sum of the missed and repudiated principal and interest payments as
20 set forth in the Payment Schedule (\$6,462,933.43) plus further interest at an annual rate of
21 6% as permitted by the Purchase Agreement (\$330,535.06 as of July 9, 2008), for a total of
22 \$6,793,468.49 as of July 9, 2008, together with interest as allowed by law.

23 35. Because Defendant GeoStar is the alter ego of Defendant ClassicStar, both are
24 jointly and severally liable for the above-stated damages.

25 **SECOND CAUSE OF ACTION**
26 **Unjust Enrichment**
Against ClassicStar and GeoStar

27 36. Plaintiffs re-allege and incorporate Paragraphs 1 through 35 above as though
28 fully set forth herein.

1 37. By virtue of the monies invested by Plaintiffs with Defendant ClassicStar,
 2 Defendant ClassicStar has been unjustly enriched by the sum of at least \$6,793,468.49 as of
 3 July 9, 2008, together with interest as allowed by the Purchase Agreement and by law, or
 4 such other and greater amounts as may be proven at trial.

5 38. It would be unfair to allow Defendant ClassicStar to retain the benefits of the
 6 monies which Plaintiffs have invested with it. To avoid any unjust enrichment to Defendant
 7 ClassicStar, Defendant ClassicStar should be required to pay Plaintiffs the sum of at least
 8 \$6,793,468.49 as of July 9, 2008, together with interest as allowed by the Purchase
 9 Agreement and by law, or such other and greater amounts as may be proven at trial.

10 39. Because Defendant GeoStar is the alter ego of Defendant ClassicStar, both are
 11 jointly and severally liable for the above-stated unjust enrichment.

12 **THIRD CAUSE OF ACTION**
 13 **Breach of Contract: Escrow Agreement**
 14 **Against GeoStar Financial and GeoStar**

15 40. Plaintiffs re-allege and incorporate Paragraphs 1 through 39 above as though
 16 fully set forth herein.

17 41. The Escrow Agreement between Plaintiffs and Defendant GeoStar Financial
 18 provides that Defendant GeoStar Financial was to establish an escrow account into which it
 19 would deposit collateral, in the form of 1,600,000 shares of common stock of GaStar
 20 Exploration Ltd. ("GaStar"), to be used as collateral for the payment obligations due under
 21 the Purchase Agreement.

22 42. At no time did Defendant GeoStar Financial contact the escrow agent designated
 23 in the Escrow Agreement, undertake to ensure that an escrow account was established, nor
 24 deposit such collateral into any escrow account.

25 43. On a quarterly basis, the number of shares of stock to be held in the escrow
 26 account was to be calculated in accordance with a formula set forth in the Escrow
 27 Agreement, and Defendant GeoStar Financial was to provide in a timely fashion to the
 28 escrow account any necessary additional shares.

44. At no time did Defendant GeoStar Financial provide any additional shares as

1 required.

2 45. At all relevant times herein, Plaintiffs have performed all of the covenants and
3 promises required on their part to be performed in accordance with the terms and conditions
4 of the Escrow Agreement.

5 46. As a direct and proximate result of the breach of the Escrow Agreement by
6 Defendant GeoStar Financial, in conjunction with the breach and anticipatory breach of the
7 Purchase Agreement by Defendant ClassicStar, Plaintiffs have sustained damages in the
8 amount of \$6,793,468.49 as of July 9, 2008, together with interest as allowed by the
9 Purchase Agreement and by law.

10 47. Because Defendant GeoStar is the alter ego of Defendant GeoStar Financial, both
11 are jointly and severally liable for the above-stated damages.

12 **FOURTH CAUSE OF ACTION**
13 **Deceit/Fraud (Cal. Civ. Code §§1709-10)**
14 **Against Ferguson**

15 48. Plaintiffs re-allege and incorporate Paragraphs 1 through 47 above as though
16 fully set forth herein.

17 49. Defendant Ferguson was, upon information and belief, a principal in the
18 defendant corporations and had a substantial personal interest in defrauding Plaintiffs.

19 50. Defendant Ferguson was the principal negotiator on behalf of Defendant
20 ClassicStar with respect to the Purchase Agreement.

21 51. Over the approximate eleven months of negotiations preceding execution of the
22 Purchase Agreement, Defendant Ferguson repeatedly assured Plaintiffs and their agents,
23 including Joel Baker and his associates, with the intention or with reason to expect that such
24 assurances would be repeated to and relied on by Plaintiffs, that Defendant ClassicStar had
25 sufficient assets to make full and timely payments as required by the Purchase Agreement.
26 According to Mr. Baker, for example, Defendant Ferguson represented that it would be "no
27 problem to comply" with the Purchase Agreement—that Ferguson was "sure of it."

28 52. During the course of these negotiations, Defendant Ferguson omitted to tell
Plaintiffs that Defendant ClassicStar had inadequate assets to make the payments due under

1 the Purchase Agreement.

2 53. Defendant Ferguson also omitted to inform Plaintiffs that Defendant ClassicStar
3 was a device and sham set up to avoid liability and to defraud Plaintiffs, and that Defendants
4 Ferguson and ClassicStar had no intention to make the payments as required under the
5 Purchase Agreement.

6 54. Plaintiffs are informed and believe, and on that basis allege, that, in fact,
7 Defendant Ferguson and other conspirators had previously incorporated Defendant
8 ClassicStar with the intent that it serve as a shell corporation that would not be adequately
9 capitalized, and knew at the time of the negotiations that Defendant ClassicStar would not
10 have sufficient assets to timely make all payments due under the Purchase Agreement or,
11 even if it did have sufficient assets, did not intend to make all payments.

12 55. Despite his knowledge at the time of negotiations that Defendant ClassicStar
13 would be either unable or unwilling to timely make all payments due under the Purchase
14 Agreement, Defendant Ferguson made representations and material omissions to the
15 contrary with knowledge or expectation that Plaintiffs would act in reliance on such
16 representations and omissions, and therefore with the intent to induce Plaintiffs through such
17 representations and omissions to enter into the Purchase Agreement.

18 56. Plaintiffs, at the time of the negotiations and upon entering the Purchase
19 Agreement, were ignorant of the falsity of these representations and of the material
20 omissions and believed Ferguson's representations to be true and therefore relied upon them.

21 57. It was these assurances by Defendant Ferguson, in combination with the material
22 omissions, that induced Plaintiffs to enter into the Purchase Agreement, and Plaintiffs would
23 not have entered the Purchase Agreement had they known the actual facts.

24 58. Because Defendant Ferguson was not only the principal negotiator for Defendant
25 ClassicStar, but also a director, officer and/or principal shareholder of Defendant
26 ClassicStar, it was reasonable and justified for Plaintiffs to rely upon his representations and
27 omissions.

28 59. Defendant Ferguson was, upon information and belief, also a principal of

1 GeoStar Financial and had a substantial personal interest in defrauding Plaintiffs.

2 60. Defendant Ferguson was the principal negotiator on behalf of Defendant GeoStar
3 Financial with respect to the Escrow Agreement.

4 61. In the course of negotiations, Defendant Ferguson repeatedly assured Plaintiffs
5 and their agents, namely Mr. Baker and his associates, with the intention or with reason to
6 expect that such assurances would be repeated to and relied on by Plaintiffs, that Defendant
7 GeoStar Financial held or had access to sufficient GaStar stock to deposit as collateral in the
8 escrow account, as provided for in the Escrow Agreement, and that Defendant GeoStar
9 Financial fully intended to deposit such stock as collateral in the escrow account.

10 62. Defendant Ferguson also represented that attorney William Jansen was "best
11 suited" to serve as the escrow agent because he had been involved in other transactions for
12 the Defendant GeoStar related entities concerning the transfer of GaStar stock.

13 63. Defendant Ferguson further implicitly represented, by insisting on and then
14 designating Mr. Jansen as the escrow agent in the Escrow Agreement, that Mr. Jansen had
15 the authority and capacity to serve as the escrow agent and had agreed to do so.

16 64. Defendant Ferguson omitted to tell Plaintiffs that Defendant GeoStar Financial
17 did not have access to sufficient GaStar stock to comply with the Escrow Agreement, nor
18 that Defendant GeoStar Financial did not intend to comply with the Escrow Agreement.

19 65. Defendant Ferguson also omitted to tell Plaintiffs that he had not obtained
20 Mr. Jansen's consent to serve as the escrow agent, that Mr. Jansen was not authorized to
21 serve as an escrow agent, nor that Defendant Ferguson had never even spoken to Mr. Jansen
22 about the Escrow Agreement.

23 66. Defendant GeoStar Financial did not undertake to establish an escrow account
24 nor did it deposit any GaStar stock into an escrow account.

25 67. Nor did Mr. Jansen agree to serve as the escrow agent nor even authorize use of
26 his name in that capacity nor would he have agreed to serve as the escrow agent had he been
27 asked.

28 68. Despite his knowledge at the time of negotiations that Defendant GeoStar

1 Financial either did not hold or have access to sufficient GaStar stock or, if it did, did not
 2 intend to deposit such stock into the escrow account, and that Mr. Jansen had not agreed to
 3 serve as the escrow agent nor had even been approached to do so, Defendant Ferguson made
 4 representations and material omissions to the contrary with knowledge or expectation that
 5 Plaintiffs would act in reliance on such representations and omissions, and therefore with the
 6 intent to induce Plaintiffs through such representations and omissions to enter into the
 7 Escrow Agreement.

8 69. Because the Escrow Agreement and the security that it was meant to have
 9 provided were critical to Plaintiffs' decision to enter into the Purchase Agreement,
 10 Defendant Ferguson's representations and material omissions regarding the Escrow
 11 Agreement also were made with the intent to induce Plaintiffs to enter into the Purchase
 12 Agreement.

13 70. Plaintiffs, at the time of the negotiations and upon entering the Escrow
 14 Agreement, were ignorant of the falsity of these representations and of the material
 15 omissions and believed Ferguson's representations to be true and therefore relied upon them.

16 71. It was these assurances by Defendant Ferguson, in combination with the
 17 omissions, that induced Plaintiffs to enter into the Escrow Agreement and, by extension, the
 18 Purchase Agreement. Plaintiffs would not have entered the Escrow Agreement and, by
 19 extension, the Purchase Agreement had they known the actual facts.

20 72. Because Defendant Ferguson was not only the principal negotiator for Defendant
 21 GeoStar Financial, but also a director, officer and/or principal shareholder of Defendant
 22 GeoStar Financial, it was reasonable and justified for Plaintiffs to rely upon his
 23 representations and omissions.

24 73. As a proximate result of the aforementioned fraudulent conduct by Defendant
 25 Ferguson, with respect to both the Purchase Agreement and Escrow Agreement, Plaintiffs
 26 were induced to enter into agreements that Defendants ClassicStar, GeoStar Financial, and
 27 GeoStar had no intent to honor, by reason of which Plaintiffs have sustained damages in the
 28 amount of \$6,793,468.49 as of July 9, 2008, together with interest as allowed by the

1 Purchase Agreement and by law.

2 74. The aforementioned conduct of Defendant Ferguson was an intentional
3 misrepresentation, deceit, or concealment of a material fact known to him with the intention
4 on his part of thereby depriving Plaintiffs of property or legal rights or otherwise causing
5 injury, and was despicable conduct that subjected Plaintiffs to a cruel and unjust hardship in
6 conscious disregard of Plaintiffs' rights, so as to justify an award of exemplary and punitive
7 damages.

8 **FIFTH CAUSE OF ACTION**
9 **Negligent Misrepresentation (Cal. Civ. Code §§1709-10)**
10 **Against Ferguson**

11 75. Plaintiffs re-allege and incorporate Paragraphs 1 through 74 above as though
12 fully set forth herein.

13 76. When Defendant Ferguson made the representations and material omissions set
14 forth above in Paragraphs 51-53 and 61-65, he had no reasonable grounds for believing them
15 to be true.

16 77. Defendant Ferguson made such representations and material omissions with
17 knowledge or expectation that Plaintiffs would act in reliance on such representations and
18 omissions, and therefore with the intent to induce Plaintiffs through such representations and
19 omissions to enter into the Purchase Agreement and Escrow Agreement.

20 78. Plaintiffs, at the time of the negotiations and upon entering the Purchase
21 Agreement and Escrow Agreement, were ignorant of the falsity of these representations and
22 of the material omissions and believed Ferguson's representations to be true and therefore
23 relied upon them.

24 79. It was these assurances by Defendant Ferguson, in combination with the
25 omissions, that induced Plaintiffs to enter into the Purchase Agreement and Escrow
26 Agreement, and Plaintiffs would not have entered the Purchase Agreement or Escrow
27 Agreement had they known the actual facts.

28 80. Because Defendant Ferguson was the principal negotiator for Defendants
ClassicStar and GeoStar Financial, and also a director, officer and/or principal shareholder

1 of Defendants ClassicStar and GeoStar Financial, it was reasonable and justified for
2 Plaintiffs to rely upon his representations and omissions.

3 81. As a proximate result of the aforementioned negligent misrepresentation by
4 Defendant Ferguson, with respect to both the Purchase Agreement and Escrow Agreement,
5 Plaintiffs were induced to enter into agreements that Defendants ClassicStar, GeoStar
6 Financial, and GeoStar had no intent to honor, by reason of which Plaintiffs have sustained
7 damages in the amount of \$6,793,468.49 as of July 9, 2008, together with interest as allowed
8 by the Purchase Agreement and by law.

9 WHEREFORE, Plaintiffs pray judgment against Defendants, and each of them, as
10 follows:

11 1. For damages in the amount of \$6,793,468.49 as of July 9, 2008 plus further
12 interest as allowed by the Purchase Agreement, or such other and greater amounts as may be
13 proven at trial;

14 2. For punitive damages in an amount appropriate to punish Defendant Ferguson
15 and deter others from engaging in similar conduct;

16 3. For an award of prejudgment and post judgment interest at the rate for the
17 greatest time and at the highest rate allowable by law;

18 4. For attorneys' fees and expenses;

19 5. For such other and further relief as the Court deems just, proper and equitable.

20 DATED: July 9, 2008.

21 GILBERT R. SEROTA
22 JEREMY T. KAMRAS
23 HOWARD RICE NEMEROVSKI CANADY
24 FALK & RABKIN
25 A Professional Corporation

26 By: 
27 JEREMY T. KAMRAS

28 Attorneys for Plaintiffs PETER FORTENBAUGH
and BETTY LEE, in their capacity as Trustees of
THE PETER FORTENBAUGH TRUST

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VERIFICATION

We, Peter Fortenbaugh and Betty Pi-Ju Lee, in our capacity as Trustees of The Peter Fortenbaugh Trust, are the Plaintiffs in this action. We have read the foregoing complaint and know the contents thereof. The same is true to our knowledge, except as to those matters that are therein stated on information and belief, and as to those matters, we believe them to be true.

We declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 9th day of July, 2008.

By: 

PETER FORTENBAUGH

By: 

BETTY PI-JU LEE

HOWARD
R. L.
NEWMAN
CANADY
PAUL
& RADWIN
ATTORNEYS AT LAW

Exhibit A

ClassicStar Financial Services Corporation

2480 W. Campus Drive, Bldg. C
Mt. Pleasant, Michigan 48858
Ph.: (989) 773-7050
Fax: (989) 773-0006

EQUINE AND WORKING INTEREST PURCHASE AGREEMENT

This Equine and Working Interest Purchase Agreement (hereinafter referred to as "Agreement") is made and entered into as of this 30 day of September, 2005, by and between ClassicStar Financial Services, Inc. of 2480 W. Campus Drive, Bldg. C, Mt. Pleasant, MI 48858 (hereinafter referred to as "Buyer") and The Peter Fortenbaugh Trust, of 1106 Hamilton Avenue, Palo Alto, California 94301 (hereinafter referred to as "Investor" or the "Seller").

WHEREAS, Seller originally invested (hereinafter referred to as "Investment") and entered into certain agreements in 2001 with ClassicStar LLC (hereinafter referred to as "ClassicStar") for the express purpose of leasing and breeding Mares (hereinafter referred to as "mare lease" or "mare lease interest");

WHEREAS, pursuant to Seller's Investment, *supra*, Seller acquired certain equine breeding and ownership rights pursuant to its execution and performance of certain agreements with Buyer, including but not limited to a Mare Lease & Breeding Agreement, Boarding Agreement, Foal Agreement, Nominee Agreement, and Horse Board & Services Agreement (hereinafter collectively referred to as "Contract Documents" or "the Contract Documents"); and

WHEREAS, Seller, further pursuant to the Investment, in July 2002 converted a certain portion of their Investment, being Seven Hundred Sixty-Six Thousand One Hundred Eight Dollars (\$766,108) into the 2002 Powder River Basin Drilling Program (hereinafter referred to as "Working Interest", and collectively with "mare lease" as "Investments");

WHEREAS, the parties to this Agreement now wish to evidence the sale, transfer, assignment, delegation and assumption of all of those certain equine breeding and ownership rights, interests and duties, including, but not limited to, any living equine personal property and assets, whether registered or unregistered with any association, whether domestic or foreign (as referenced on the attached Exhibit "A"), as well as any and all working interests in the 2002 Powder River Basin Drilling Program, (hereinafter collectively referred to as "the Assets" or "Assets"), in accordance with the terms and conditions of this Agreement; and

WHEREAS, the parties wish this agreement to act as, and provide evidence of, either by way of the entire agreement, or as required in a notice containing certain of the terms and conditions herein, a bill of Sale, Assignment and Assumption; and

NOW, THEREFORE, in consideration of the promises, mutual representations, warranties and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. TERMS

A. Sale and Assignment. In exchange for the payment of consideration stated herein, *infra*, Seller hereby sells, assigns, conveys, transfers and forever delivers to Buyer any and all right, title and interest of Seller in and to the assets. Seller shall retain no equine breeding and ownership interests, as well as no working interests or right to convert to shares of any other entity from the working interest, whether knowingly conveyed or not conveyed to Buyer in connection with this Agreement and not otherwise previously disposed of, that Seller acquired pursuant to the Contract Documents. Consideration shall consist of, and be paid in accordance with, the following schedule of terms:

1. **CASH:** Principal of Six Million One Hundred Thousand Dollars (\$6,100,000.00) plus interest at a rate of 6%. Interest shall begin to accrue on September 1, 2005. Said principal and interest is to be paid in the amounts and on the dates shown on the attached schedule "Exhibit B". As such, any consummation of payments pursuant to the terms and conditions of this agreement shall be specifically subject to the following:
 - a. Seller acknowledges that they (a) are competent to understand and does understand the nature of this transaction, and (b) are able to bear the economic risk.
 - b. Seller has sufficient resources and the requisite investment knowledge and experience to enter into this transaction and meets one of the qualifications for "Accredited Investor," as such term is defined under Regulation D of the Securities Act of 1933, as amended.
2. Seller shall further deliver an Assignment duly executed for all of Seller's right, title and interest in and to the Assets, in whatever form provided or requested by Buyer.

3. The outstanding indebtedness owed to NELC, secured by the mere interests referenced in this agreement, will mature as of January 1, 2006. The sum due at that time will be One Million Three Thousand Three Hundred Seventy Dollars and Sixty-Seven Cents (\$1,003,370.67). Buyer shall pay, directly to NELC, for the benefit of Seller, that amount owed on the NELC obligation referenced herein, on or before January 1, 2006.

II.

REPRESENTATIONS & WARRANTIES

A. **Seller's Representations & Warranties.** Seller hereby represents and warrants the following in connection with the execution, delivery and performance of this Agreement:

1. This offer for sale of the Assets was not solicited in any manner by the Buyer. Further this offer did not involve: (a) any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium, or broadcast via television or radio, or (b) any other form of general solicitation or advertising.
2. Seller recognizes that the Assets were not registered under the Securities Act of 1933 or other applicable state securities laws. Seller further acknowledges that Buyer was under no obligation to register the Assets or to assist Seller in complying with any exemption from registration.
3. With the exception of certain indebtedness of NELC, Seller holds of record and/or owns beneficially the Assets free and clear of any restrictions on transfer, taxes, security interests, purchase rights, contracts, commitments, restrictions, liens, security interests, pledges, encumbrances, equities, claims, or demands; therefore, Seller has and will convey to Buyer hereunder good and marketable title to all of the Assets, free and clear of all defects, liens, taxes, charges, lease or conditional sale obligations, licenses, and other encumbrances, defects or rights in third parties. The Seller has full power and authority to execute and deliver this Agreement and to perform his obligations under it.
4. The Seller has received and carefully reviewed this Agreement, and has relied solely on the terms of the agreement as contained or referenced herein.
5. Seller recognizes that this Purchase Agreement has not been reviewed, approved or disapproved by any governmental or regulatory agency, nor has any such agency passed upon the adequacy or accuracy thereof.
6. Neither the company, nor their respective directors, officers or other representatives, has made any statement, representation or warranty that in any

manner influenced or was taken into account or relied upon by Seller in deciding whether to enter into this Agreement. Seller has not, in any manner in deciding to enter into this Agreement, relied on statements by directors, officers or other representatives with respect to the Assets or the Buyer's business or prospects. Seller has decided to enter into this Agreement based on their own independent investigation and for their own purposes, which are entirely independent of any analysis of the short- or long-term value or prospects of the Assets.

7. The Seller acknowledges that the Buyer has not made any representations regarding the potential tax impact of this transaction.
8. Seller has the full capacity, power and authority to enter into this Agreement and to carry out the transactions and agreements contemplated hereby and this Agreement is binding upon Seller and is enforceable against Seller in accordance with its terms.
9. The execution and delivery of this Agreement by Seller and the sale of the Assets pursuant hereto will not conflict with, or result in a breach of or a default under, or give rise to a right of acceleration under, any agreement or instrument to which Seller is a party or by which Seller is bound, or violate any law, rule or regulation of any governmental body or agency or any order, writ, injunction or decree of any court or governmental body or agency to which Seller is subject or by which Seller is bound, save and except for that certain indebtedness which may be owed to NELC.
10. No equine or other selling or purchasing agent, broker, finder or other person acting in a similar capacity has participated on behalf of Seller in connection with the transactions contemplated by this Agreement. Seller will reimburse and indemnify the Buyer for any fees or expenses of any agent, broker, finder or other person acting in a similar manner hired or engaged by Seller.
11. Seller makes no representations or warranties to Buyer concerning the fitness of purpose of the mare interests.
12. Seller, for itself and its successors and assigns, hereby covenants and agrees that, from time to time, it shall execute and deliver, or shall cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as Buyer may reasonably deem necessary or appropriate to sell, assign, convey, transfer and deliver the interests to Buyer or to evidence any of the foregoing. This assurance includes, but is not limited, to the execution and filing of a change of ownership certificate of registration with any association or registry, if or as necessary. Seller shall also provide Buyer with a copy of any vet records and any other records in Buyer's possession which the Buyer may, from time to time, request.

B. Buyer's Representations & Warranties. Buyer hereby represents and warrants the following in connection with its execution, delivery and performance of this Agreement:

1. The Buyer has the full power and authority to enter into this Agreement and to carry out the transactions and agreements contemplated hereby and this Agreement is binding upon the Buyer and is enforceable against the Buyer in accordance with its terms.
2. The execution and delivery of this Agreement by the Buyer and the purchase of the Assets pursuant hereto will not conflict with, or result in a breach or a default under, or give rise to a right of acceleration under, any agreement or instrument to which the Buyer is a party or by which the Buyer is bound, or violate any law, rule or regulation of any governmental body or agency or any order, writ, injunction or decree of any court or governmental body or agency to which the Buyer is subject or by which the Buyer is bound.
3. The Buyer shall be liable for any expenses or other costs for which it is liable because of the terms of this agreement.
4. The Buyer covenants and promises to make all payments to Seller in accordance with the terms and conditions as stated in this agreement.
5. Buyer hereby assumes and agrees to take ownership and possession of the assets and to pay, perform and discharge all obligations and liabilities associated herewith beginning and effective the date of this Agreement. Buyer shall not be responsible for, or obligated to pay, any debts or obligations associated with the assets which arose or were accrued before the date of this Agreement.
6. Any and all obligations of Buyer per this agreement shall be secured by collateral, with said collateral secured under terms and conditions of that certain Escrow Agreement, which is separate and apart from this agreement. Any default, which terms of default shall be governed by the provision III(9), *infra*, shall be satisfied only out of proceeds of the collateral per the terms and conditions of the Escrow Agreement.
7. Buyer acknowledges that if, and only if, there is a sale or change of control of the company called Gaster Exploration Ltd. ("event"), and if the event enables Buyer to liquidate all of its Gaster shares pursuant to cash being the exclusive, material part of the event, then Buyer shall accelerate payments to Seller required herein, inclusive of interest, with said acceleration to be one lump-sum payment, totaling the remaining amount owed under this agreement, as of the date of the event which accelerates payment. Said accelerated payment shall be made no later than ninety (90) days of the date of the event.

III GENERAL TERMS

The Seller and the Buyer agree as follows:

1. Full Conveyance. The transfer of the Assets to the Buyer shall constitute the full and final conveyance of all of Seller's right, title and interest in and to the Assets transferred.
2. Entire Agreement. This Agreement constitutes the entire agreement between the Seller and the Buyer regarding the offer and sale of the Assets, which Seller is selling, and may be amended only by a writing executed by all parties. This Agreement may not be terminated, canceled or revoked by the Seller once delivered to the Buyer and shall survive the death or disability of the undersigned, and shall be binding on the heirs and assigns of the parties hereto.
3. Counterparts, Facsimile. This Agreement may be executed in any number of counterparts, each of which shall be treated as an original but all of which, collectively, shall constitute a single instrument. This Agreement may also be executed by signatures to facsimile transmittal documents in lieu of original or machine generated or copied documents.
4. Severability. If any provision of this Agreement is illegal, invalid or unenforceable under applicable law, then that provision shall be null and void to the extent necessary to overcome the illegality, invalidity or unenforceability, and the remaining provisions of this Agreement shall not be affected, unless the severance or deletion of the provision alters the intention of the parties and the commercial efficacy of this Agreement.
5. Installments. Once Seller has received all Asset assignments in formats approved and provided by the Buyer, Buyer may delay, cancel or recover payment if all relevant asset assignments are not timely delivered and properly endorsed for transfer.
6. Governing Law. This Agreement shall be enforced, governed by and construed in all respects in accordance with the laws of the State of Michigan, without regard to conflicts of laws principles. Venue and jurisdiction shall lie exclusively within the State of Michigan for any and all claims or actions related to, arising from or in connection with this offer and Agreement. Any legal proceedings shall be vested and brought solely by either Seller or Buyer, and not as part of, or in cooperation with any other person not a party to this agreement, in any other proceeding.

7. Confidentiality. The terms and conditions of this Agreement and all matters between the Seller and the Buyer shall remain confidential and shall not be disclosed to any party without prior written permission from the Buyer, except where required by a written court order or applicable law.
8. Binding Effect. This Agreement shall be binding upon the heirs, successors and assigns of the parties hereto. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by either of the parties to this Agreement without the prior written consent of the Buyer.
9. Default. Should there be any default by Buyer pursuant to this Agreement regarding payment of any amount, Buyer shall have thirty (30) days to cure the default. If default of payment is not cured within 30 days, then Seller shall have right of recourse against collateral, governed by that certain Escrow Agreement, referenced in II(B)6, *supra*. Any other default by either Buyer or Seller not involving payment of monies shall be cured within a thirty (30) day period by best efforts of the defaulting party. If the default is not cured, then the non-defaulting party shall have right to seek redress against defaulting party in a court of competent jurisdiction pursuant to section III(6), *supra*.
10. Force Majeure: Neither party shall be considered in default hereunder or be liable for any failure to perform or delay in performing any provisions of this Agreement in the customary manner, to the extent that such failure or delay shall be caused by any reason beyond its control, including an act of God; fire, explosions, hostilities or war (declared or undeclared); striking or work stoppage involving either party's employees or governmental restrictions; financial purposes; or any governmental act; provided that the party declaring force majeure shall give notice to the other party promptly and in writing of the commencement of the condition, the nature, and the termination of the force majeure condition. The party whose performance has been interrupted by such circumstances shall use every reasonable means to resume full performance of this Agreement as promptly as possible.

SELLER SPECIFICALLY RELEASES THE BUYER FROM ANY AND ALL MANNER OF ACTION, CAUSES OF ACTION, CLAIMS, CHARGES, SUITS, DAMAGES, DEMANDS AND OBLIGATIONS OR LIABILITIES OF WHATSOEVER NATURE, WHETHER IN LAW OR IN EQUITY, FOR ANY CLAIMS FOR LOST PROFITS OR LOST OPPORTUNITY RELATED TO SELLER'S OFFER AND SALE OF THE ASSETS TO THE BUYER.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the 20 day of September, 2005.

Seller:

THE PETER FORTENBAUGH TRUST

Witness:

Kathryn Bunn

Peter Fortenbaugh, Trustee

P. Fortenbaugh

Social Security or other Taxpayer I.D. No.: 188 48 2394

Witness:

Kathryn Bunn

Betty Lee, Trustee

B. Lee

Social Security or other Taxpayer I.D. No.: 572 81 7089

ACCEPTED AND AGREED:

ClassicStar Financial Services, Inc., a Delaware corporation ("the Company")

By: _____

Its: _____

Dated: September ____, 2005

Please mail or otherwise deliver two (2) executed copies of this Agreement to:

CLASSICSTAR FINANCIAL SERVICES, INC.
2480 W. Campus Drive; Bldg. C
Mt. Pleasant, Michigan 48858
Phone: (989)773-7050
Fax: (989)773-0006

EXHIBIT A
EQUINE INTERESTS
ALLOCATION OF PURCHASE PRICE

DESCRIPTION OF EQUINE INTERESTS	AGREED ALLOCATION OF PURCHASE PRICE
TOTAL PURCHASE PRICE	\$6,100,000.00

EXHIBIT B
PAYMENT SCHEDULE

Beginning September 15, 2005

<u>DATE</u>	<u>PAYMENT</u>
9/15/05	\$314,038.36
4/1/06	\$1,191,907.75
7/1/06	\$472,360.60
10/1/06	\$466,330.55
1/1/07	\$460,300.50
4/1/07	\$454,270.45
7/1/07	\$448,240.40
10/1/07	\$442,210.35
1/1/08	\$436,180.30
7/1/08	\$1,060,755.02
1/1/09	\$1,030,377.51

Exhibit B

GeoStar Corp. v. ... Filed 11/1/2006 Page 3 of 8

ESCROW AGREEMENT

This Escrow Agreement ("Agreement"), dated this 20 day of Sept, 2005, between GeoStar Financial Services Corporation ("GeoStar"), of 2480 W. Campus Dr., Bldg. C, Mt Pleasant MI 48858 and Peter Fortenbaugh and Betty P. Ju Lee (sometimes collectively "Investors"), and William Jansen of Warner, Norcross and Judd, 2000 Town Center, Ste. 2700, Southfield MI 48075-1318 (Escrow Agent),

RECITALS

WHEREAS, the intent of the parties to this Agreement is to provide security to Fortenbaugh to assure payment to them of the balances due from time to time pursuant to that certain agreement between the parties to repurchase any and all more lease interests owned by Fortenbaugh at this time.

THEREFORE, in consideration of the agreements set forth in the purchase agreement and the mutual covenants set forth in this Agreement, the parties agree as follows:

1. Contemporaneously (or as soon as practicably possible) with the execution of the Purchase Agreement by all parties, GeoStar shall deliver to Escrow Agent, to hold in accordance with the terms of this Agreement, 1,600,000 shares of common stock of Gstar Exploration, Ltd., which number is subject to fluctuation based on calculations as discussed in 3 (b) and 3 (c), *infra*.

2. Escrow Agent agrees to hold, administer and deliver the Stock pursuant to the terms of this Agreement.

3. The amount of shares to be held by Escrow Agent shall be calculated, on a quarterly basis, as follows:

(a) As of the date of this agreement, GeoStar shall place with escrow the number of _____ shares of Gstar Exploration Ltd., valued at \$_____ per share. Said number of shares to be deposited and retained in escrow by Escrow Agent shall be subject to fluctuation, as enumerated in (b), *supra*.

(b) On a quarterly, calendar basis, being October 1, 2005; January 1, 2006; April 1, 2006; July 1, 2006; October 1, 2006; and so forth until completion of payments as contemplated in the schedule contained in the Purchase Agreement between the parties, the number of shares required to be held in escrow shall fluctuate according to the following equation:

$$\frac{\text{amount of purchase price left to be paid on quarterly calendar date}}{\text{closing market price of Gstar on date of quarterly calendar date}} = \text{number of shares to be held in escrow}$$

(c) As the number of shares to be held in escrow shall fluctuate based upon the calculations in (b), *supra*; GeoStar shall endeavor and shall provide in a timely fashion the number of shares necessary to be held in escrow on the following parameters:

i. If the number of shares being held in escrow, as calculated on a quarterly basis in (b), supra, exceed the amount needed to cover the outstanding purchase obligation owed as of that date, then the number of shares shall be reduced by escrow agent, with the escrow agent remitting to GeoStar that number of shares constituting over allotment.

ii. If the number of shares being held in escrow, as calculated on a quarterly basis in (b), supra, do not equal, as calculated, the amount remaining and owed to Fortenbaugh by GeoStar, then GeoStar shall provide such additional shares, based on the closing market price of the quarterly calculation, as is necessary so that the number of shares held by Escrow Agent shall approximate the number of shares necessary, when multiplied times the closing price on the date of quarterly calculation, to equal the amount owed and outstanding to Fortenbaugh by GeoStar under the Purchase Agreement.

4. Subject to the provisions contained in paragraph 3 of this Agreement, the Escrow Agent shall disburse to Fortenbaugh that portion of the Stock to which he is entitled only upon the occurrence of both of the following conditions:

(a) Receipt by Escrow Agent of written notice from Fortenbaugh to the Escrow Agent (with a copy of that notice to be directed to GeoStar) that there exists certain condition(s) of default in accordance with the provisions of that certain Agreement between Fortenbaugh and other parties; and

(b) A failure by Escrow Agent to receive a written notice from GeoStar disputing the existence of the conditions or facts certified by the Fortenbaugh notice in 4(a), with said notice from GeoStar to be received no later than twenty (20) days after receipt of the Fortenbaugh written notice, as described in 4(a), herein.

In the event the Escrow Agent does receive a notice from GeoStar, as referenced in Paragraph 3 (b) herein, in which notice GeoStar disputes the existence of the conditions or facts previously certified by that Fortenbaugh, then the Escrow Agent shall tender those shares of stock for that Fortenbaugh into the custody of the United States District Court for the Eastern District of Michigan, together with such legal pleadings as it deems appropriate, and will then be discharged from all liability under this Agreement with respect to that Fortenbaugh. Fortenbaugh and GeoStar agree to the jurisdiction, venue and state and federal law of the Court indicated above in all matters relating to the Stock or this Agreement.

5. The portion of the Stock that Fortenbaugh is entitled to have delivered to him by the Escrow Agent (or money in lieu of such stock, as the case may be), under the terms of this Agreement due to GeoStar's default of the terms of the Agreement, is that quantity of Stock (or money in lieu thereof) which is equal to the amount then due and owing to that Fortenbaugh upon the default of the Agreement by GeoStar. The Escrow Agent shall have the option, exercisable in its sole discretion, of (i) selling a quantity of shares of Gaslar Exploration Ltd. stock from that portion of the stock to which that Fortenbaugh is entitled sufficient to generate adequate funds to pay to that Fortenbaugh the amount then due and owing to him or her under the Agreement or (ii) transferring to that Fortenbaugh those number of shares of Gaslar Stock from that portion of the stock to which that

GeoStar, L.P. 08/14/08, 11:59 AM, Case 5:08-cv-03898-RMW Document 2-2 Filed 08/14/2008 Page 31 of 51

Fortenbaugh is entitled, the cumulative value of which is equal to the amount then due and owing to that Fortenbaugh under the Agreement. In determining the value of the shares of Gaster Stock for purposes of this paragraph, Escrow Agent shall use the calculation method contained herein in 3(c), supra. Notwithstanding anything to the contrary contained herein, if Fortenbaugh becomes entitled to enforce the provisions of this Agreement due to the default of GeoStar under the Agreement, the fair market value of the Stock shall be the reported closing share price of the Stock on the exchange it is then being publicly traded.

Upon delivery of the amount of shares of Stock to which Fortenbaugh is determined by the Escrow Agent to be entitled, the escrow shall terminate with respect to Fortenbaugh, and the Escrow Agent shall deliver to GeoStar that portion of the remaining Stock of Gaster Exploration, Ltd. then being held in escrow and comprising of that portion of the stock to which Fortenbaugh is not entitled.

6. Escrow Agent acknowledges the receipt of the Stock, and Escrow Agent agrees to hold and deliver the Stock in accordance with the terms and conditions of this Agreement. Escrow Agent shall be entitled to receive a fee of Five Thousand and no/100 dollars (\$5,000.00) per year for its services under this Agreement, payable exclusively and independently of its escrow holdings, by GeoStar and not by any Fortenbaugh or from his or her collateral. Escrow Agent shall be liable only to hold the Stock and to deliver the same to a party named in this Agreement in accordance with the provisions of this Agreement; it being expressly understood that by acceptance of this Agreement Escrow Agent is acting in the capacity of a depository only, and shall not be liable or responsible to anyone for any damages, losses or expenses unless the same shall be caused by the gross negligence or willful malfeasance of Escrow Agent. In the event of any disagreement between Fortenbaugh and GeoStar, resulting in adverse claims and demands being made in connection with or for any property involved in or affected by this Agreement, Escrow Agent shall be entitled to refuse to comply with any such claims or demands as long as such disagreement may continue, and in so refusing, shall make no delivery or other disposition of any property then held by it under this Agreement. In so doing, Escrow Agent shall not become liable in any way for such refusal, and Escrow Agent shall be entitled to continue to refrain from acting until:

- (a) The right of adverse claimants shall have been finally settled by binding arbitration or finally adjudicated in a court assuming and having jurisdiction of the property involved in this Agreement or affected by this Agreement; or
- (b) All differences shall have been resolved by an agreement reached between Fortenbaugh and GeoStar, and Escrow Agent shall have been notified in writing of such an agreement signed by the other parties to this Agreement. Furthermore, the Escrow Agent shall have the right, at any time after a dispute between any Fortenbaugh and GeoStar has arisen, to deliver the Stock into the Court for delivery to the appropriate party, at which point Escrow Agent's obligation under this Agreement shall terminate with respect to GeoStar and that Fortenbaugh.

7. GeoStar agrees to indemnify and hold Escrow Agent harmless against any and all losses, claims, damages, liabilities and expenses, including, without limitation, legal counsel fees.

Case 5:08-cv-03898-RMW Document 2-2 Filed 08/14/2008 Page 32 of 51

which may be imposed on Escrow Agent or incurred by Escrow Agent in connection with the performance of its duties under this Agreement, including, without limitation any litigation arising from this Agreement or otherwise involving the subject matter of this Agreement.

8. Wherever any notice is required or permitted under this Agreement, the notice shall be in writing and shall be deemed effective and given and received on personal delivery or upon receipt by the United States Mail, registered or certified mail, return receipt requested, postage prepaid, to the addresses set out below, or at other addresses as are specified by written notice delivered in accordance with this Agreement:

(a) Fortenbaugh

Peter Fortenbaugh
xxxxxxx 1106 Hamilton Avenue
xxxxxxx Palo Alto, CA 94301

(b) GeoStar

GeoStar Financial Services Corporation
Attn: Fred Lambert and Milton Evans
2480 W. Campus Dr., Bldg. C
Mt. Pleasant, MI 48838

with a copy to:

(c) Escrow Agent

William R. Jansen, Esq.
Warner Norcross & Judd LLP
2000 Town Center
Suite 2700
Southfield, Michigan 48075

9. This Agreement shall bind, and inure to the benefit of, the parties and their respective heirs, executors, administrators, personal representatives, officers, directors, principals, agents, successors and assigns.

10. This Agreement shall not be changed except by a writing executed by each party.

11. This Agreement sets forth the entire understanding of the parties. This Agreement supersedes and/or replaces any oral or written agreement(s) relating to the subject matter entered into by the parties before the date of this Agreement, such agreements being fully and finally merged into this Agreement.

12. This Agreement may be signed by the parties hereto in counterparts.

Case 5:08-cv-03898-RMW Document 2-2 Filed 08/14/2008 Page 33 of 51

In witness whereof, the parties to this Agreement have executed this agreement under seal on the date and year first written above.

WITNESSES:

Kathryn Courah
Kathryn Courah
Kathryn Courah
Kathryn Courah

GEOSTAR CORPORATION,

By: _____
Its: _____

FORTENBAUGH
Peter Fortenbaugh
Peter Fortenbaugh
Betty Pi Ja Lee
Betty Pi Ja Lee

WARNER, NORCROSS & JUDD, LLP

By: _____
William R. Jansen, Esq.
Its: Partner

083704-1

RECEIVED TIME SEP. 29. 8:52AM

PRINT TIME SEP. 29. 9:01AM

Exhibit C



DAVID W. SCOFIELD
ATTORNEY AT LAW

PETERS SCOFIELD PRICE
A PROFESSIONAL CORPORATION

dws@psplawyers.com

August 21, 2006

ClassicStar Financial Services, Inc.
2480 West Campus Drive Building C
Mt. Pleasant, Michigan 48858

Re: *Demand For Payment-- Equine and Working Interest Purchase
Agreement - The Peter Fortenbaugh Trust*

Dear Sirs:

This law firm has been engaged by The Peter Fortenbaugh Trust (the "Trust") to resolve the existing default under the referenced Equine and Working Interest Purchase Agreement and to demand payment for all sums due and owing under such instrument. Should ClassicStar Financial Services, Inc. ("ClassicStar") not be in a position to cure its default immediately, I have been authorized to pursue the possibility of negotiating a modification of the existing agreement or, alternatively, to take all such action as may be necessary to collect.

This letter constitutes notice of default of the April 1, 2006 payment in the sum of \$1,191,907.75 and the July 1, 2006 payment in the sum of 472,360.60. If such default is not cured within 30 days of today's date, or in other words, on or before Monday, September 18, 2006, the Trust shall exercise any and all remedies at law or in equity that it may have available to it, for such default and *ex contractu*. If ClassicStar desires to engage in an amicable resolution to this dispute, however, please let me know when you would be available to discuss these matters.

Very truly yours,

PETERS SCOFIELD PRICE
A Professional Corporation

A large, stylized handwritten signature in black ink, appearing to read 'David W. Scofield'.

David W. Scofield

DWS:t

1 **PROOF OF SERVICE**

2 I, Joanne Caruso, declare:

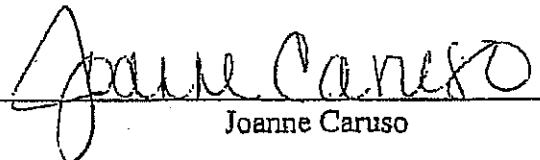
3 I am a resident of the State of California and over the age of eighteen years and not a
 4 party to the within-entitled action; my business address is Three Embarcadero Center,
 5 Seventh Floor, San Francisco, California 94111-4024. On July 14, 2008 I served the
 following document(s) described as **STIPULATION AND [PROPOSED] ORDER TO**
FILE PROPOSED FIRST AMENDED COMPLAINT:

- 6 ☐ by transmitting via facsimile the document(s) listed above to the fax
 7 number(s) set forth below on this date before 5:00 p.m.
- 8 ☒ by placing the document(s) listed above in a sealed envelope with postage
 9 thereon fully prepaid, in the United States mail at San Francisco, California
 addressed as set forth below.
- 10 ☐ by transmitting via email the document(s) listed above to the email address(es)
 11 set forth below on this date before 5:00 p.m.
- 12 ☐ by placing the document(s) listed above in a sealed Federal Express envelope
 13 and affixing a pre-paid air bill, and causing the envelope to be delivered to a
 Federal Express agent for delivery.
- 14 ☐ by personally delivering the document(s) listed above to the person(s) at the
 15 address(es) set forth below.

16 Fred M. Blum
 17 Ruben Ruiz
 18 BASSI, MARTINI, EDLIN &
 19 BLUM
 20 351 California Street, Suite 200
 San Francisco, CA 94104
 Tel: 415-397-9006
 Fax: 415-397-1339

21 I am readily familiar with the firm's practice of collection and processing
 22 correspondence for mailing. Under that practice it would be deposited with the U.S. Postal
 23 Service on that same day with postage thereon fully prepaid in the ordinary course of
 business. I am aware that on motion of the party served, service is presumed invalid if
 postal cancellation date or postage meter date is more than one day after date of deposit for
 mailing in affidavit.

24 I declare under penalty of perjury under the laws of the State of California that the
 25 foregoing is true and correct. Executed at San Francisco, California on July 14, 2008.

26 
 27 Joanne Caruso
 28

1 **PROOF OF SERVICE**

2 I, Joanne Caruso, declare:

3 I am a resident of the State of California and over the age of eighteen years and not a
 4 party to the within-entitled action; my business address is Three Embarcadero Center,
 5 Seventh Floor, San Francisco, California 94111-4024. On July 15, 2008 I served the
 following document(s) described as **NOTICE OF ENTRY OF ORDER TO FILE FIRST**
AMENDED COMPLAINT:

- 6 ☐ by transmitting via facsimile the document(s) listed above to the fax
 7 number(s) set forth below on this date before 5:00 p.m.
- 8 ☐ by placing the document(s) listed above in a sealed envelope with postage
 9 thereon fully prepaid, in the United States mail at San Francisco, California
 addressed as set forth below.
- 10 ☐ by transmitting via email the document(s) listed above to the email address(es)
 11 set forth below on this date before 5:00 p.m.
- 12 ☐ by placing the document(s) listed above in a sealed Federal Express envelope
 13 and affixing a pre-paid air bill, and causing the envelope to be delivered to a
 Federal Express agent for delivery.
- 14 ☒ by causing to be personally served via Free Wheelin Attorney Service the
 15 document(s) listed above to the person(s) at the address(es) set forth below.

16 Fred M. Blum
 17 Ruben Ruiz
 18 BASSI, MARTINI, EDLIN &
 19 BLUM
 20 351 California Street, Suite 200
 San Francisco, CA 94104
 21 Tel: 415-397-9006
 22 Fax: 415-397-1339

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 25 Service on that same day with postage thereon fully prepaid in the ordinary course of
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 28 mailing in affidavit.

I declare under penalty of perjury under the laws of the State of California that the
 foregoing is true and correct. Executed at San Francisco, California on July 15, 2008.

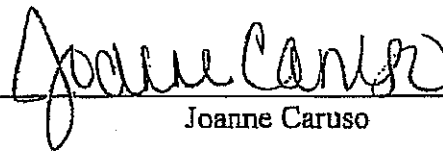
26 
 27 Joanne Caruso

EXHIBIT B

**SUMMONS
(CITACIÓN JUDICIAL)**

**NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):**

Classicstar Financial Services, Inc., A Delaware corporation
and Does 1 through 30, inclusive

YOU ARE BEING SUED BY PLAINTIFF:

(LO ESTA DEMANDANDO EL DEMANDANTE):

Peter Fortenbaugh and Betty Lee, in their capacity as
Trustees of The Peter Fortenbaugh Trust, a California Trust

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

ENDORSED

2007 APR 24 A 9:05

KIRI TORRE, CLERK OF THE SUPERIOR COURT
COUNTY OF SANTA CLARA, CALIFORNIA

DE

SECRET CLERK

Sharon Cullen

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association.

Tiene 30 DIAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.courtinfo.ca.gov/selfhelp/espanol/), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.courtinfo.ca.gov/selfhelp/espanol/) o poniéndose en contacto con la corte o el colegio de abogados locales.

The name and address of the court is:

(El nombre y dirección de la corte es):

Santa Clara County Superior Court

CASE NUMBER:

(Número del Caso):

107CV084507

191 N. First Street

San Jose, CA 95113-1090

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

Richard A. Ergo/Kenneth B. McKenzie

BOWLES & VERNA LLP

2121 N. California Boulevard, Suite 875

Walnut Creek, California 94596

(925) 935-3300

DATE: APR 24 2007

Kiri Torre

(Fecha)

Deputy Officer/Clerk

Clerk, by

(Secretario)

Sharon Cullen

Deputy

(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.

2. ☐ as the person sued under the fictitious name of (specify):

3. ☐ on behalf of (specify):

under:

☐ CCP 416.10 (corporation)

☐ CCP 416.20 (defunct corporation)

☐ CCP 416.40 (association or partnership)

☐ other (specify):

☐ CCP 416.60 (minor)

☐ CCP 416.70 (conservatee)

☐ CCP 416.90 (authorized person)

4. ☐ by personal delivery on (date):

[SEAL]

**SUMMONS
(CITACIÓN JUDICIAL)**

**NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):**

Classicstar Financial Services, Inc., A Delaware corporation
and Does 1 through 30, inclusive

**YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTA DEMANDANDO EL DEMANDANTE):**

Peter Fortenbaugh and Betty Lee, in their capacity as
Trustees of The Peter Fortenbaugh Trust, a California Trust

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

ENDORSED

2007 APR 24 A 9:05

CLERK OF THE SUPERIOR COURT
COUNTY OF SANTA CLARA, CALIFORNIA

DEPT. CLERK

Sharon Cullen

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association.

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The name and address of the court is:
(El nombre y dirección de la corte es):
Santa Clara County Superior Court

CASE NUMBER:
(Número del Caso):

107CV004507

191 N. First Street

San Jose, CA 95113-1090

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

Richard A. Ergo/Kenneth B. McKenzie

BOWLES & VERA LLP

2121 N. California Boulevard, Suite 875

Walnut Creek, California 94596

(925) 935-3300

DATE: APR 24 2007

Kirt Torre

(Fecha)

Deputy Officer/Clerk

Clerk, by

Sharon Cullen

(Secretario)

, Deputy

(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

[SEAL]

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):

3. ☐ on behalf of (specify):

under:

☐ CCP 416.10 (corporation)

☐ CCP 416.20 (defunct corporation)

☐ CCP 416.40 (association or partnership)

☐ other (specify):

☐ CCP 416.60 (minor)

☐ CCP 416.70 (conservatee)

☐ CCP 416.90 (authorized person)

4. ☐ by personal delivery on (date):

RICHARD A. ERGO (#110487)
rergo@bowlesverna.com
KENNETH B. MCKENZIE (#142894)
kmckenzie@bowlesverna.com
BOWLES & Verna LLP
2121 N. California Boulevard, Suite 875
Walnut Creek, California 94596
Telephone: (925) 935-3300
Facsimile: (925) 935-0371

Attorneys for Plaintiffs
Peter Fortenbaugh and Betty Lee,
in their capacity as Trustees of the
Peter Fortenbaugh Trust

ENDORSED

2008 APR 24 A 9:05

NOTED FOR THE COURT
CLERK OF THE COURT
BY _____

Sharon Cullen

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SANTA CLARA

PETER FORTENBAUGH and BETTY LEE, in
their capacity as Trustees of THE PETER
FORTENBAUGH TRUST, a California Trust,

Plaintiffs,

v.

CLASSICSTAR FINANCIAL SERVICES, INC.,
a Delaware corporation, and DOES 1 through 30,
inclusive.

Defendants.

Case No.: 107CV084507

COMPLAINT FOR DAMAGES FOR
BREACH OF CONTRACT AND UNJUST
ENRICHMENT

COMES NOW, plaintiffs PETER FORTENBAUGH and BETTY LEE, in their capacity
as Trustees of THE PETER FORTENBAUGH TRUST, a California Trust, and for a cause of
action against defendant CLASSICSTAR FINANCIAL SERVICES, INC. and DOES 1 through
30, allege as follows:

GENERAL ALLEGATIONS

1. Plaintiffs PETER FORTENBAUGH and BETTY LEE, in their capacity as
Trustees of THE PETER FORTENBAUGH TRUST, a California Trust (collectively
"Plaintiffs"), are individuals residing in Santa Clara County, State of California.

RICHARD A. ERGO (#110487)
rergo@bowlesverna.com
KENNETH B. MCKENZIE (#142894)
kmckenzie@bowlesverna.com
BOWLES & VERNA LLP
2121 N. California Boulevard, Suite 875
Walnut Creek, California 94596
Telephone: (925) 935-3300
Facsimile: (925) 935-0371

Attorneys for Plaintiffs
Peter Fortenbaugh and Betty Lee,
in their capacity as Trustees of the
Peter Fortenbaugh Trust

ENDORSED

2007 APR 24 A 9 05

RECEIVED
CLERK OF COURT
COUNTY OF SANTA CLARA
APR 24 2007

Sharon Coffer

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SANTA CLARA

PETER FORTENBAUGH and BETTY LEE, in
their capacity as Trustees of THE PETER
FORTENBAUGH TRUST, a California Trust,

Plaintiffs,

v.

CLASSICSTAR FINANCIAL SERVICES, INC.,
a Delaware corporation, and DOES 1 through 30,
inclusive.

Defendants.

Case No.:

207CV084507

COMPLAINT FOR DAMAGES FOR
BREACH OF CONTRACT AND UNJUST
ENRICHMENT

COMES NOW, plaintiffs PETER FORTENBAUGH and BETTY LEE, in their capacity
as Trustees of THE PETER FORTENBAUGH TRUST, a California Trust, and for a cause of
action against defendant CLASSICSTAR FINANCIAL SERVICES, INC. and DOES 1 through
30, allege as follows:

GENERAL ALLEGATIONS

1. Plaintiffs PETER FORTENBAUGH and BETTY LEE, in their capacity as
Trustees of THE PETER FORTENBAUGH TRUST, a California Trust (collectively
"Plaintiffs"), are individuals residing in Santa Clara County, State of California.

1 2. Defendant CLASSICSTAR FINANCIAL SERVICES, INC. (hereinafter
2 "ClassicStar"), on information and belief, is a Delaware Corporation, with its principal place of
3 business located in the State of Michigan.

4 3. On or about September 30, 2005, Plaintiffs and ClassicStar entered into a written
5 Equine and Working Interest Purchase Agreement (the "Agreement") in Santa Clara County,
6 California, which Agreement was to be performed in Santa Clara County, California. A true and
7 correct copy of the Agreement is attached hereto as Exhibit "A" and incorporated herein.

8 4. The true names and capacities, whether individual, associate, corporate, or
9 otherwise, of defendants named herein as DOES 1 through 30, inclusive, and each of them, are
10 unknown to plaintiffs, who therefore sue said defendants by said fictitious names, and plaintiffs
11 will ask leave of Court to insert the true names and capacities of said DOE defendants when the
12 same have been ascertained.

13 5. At all times herein mentioned, each of the defendants was the agent, employee,
14 principal, alter ego and co-conspirator of each other, and in doing the acts herein alleged, were
15 acting within the course and scope of that agency, employment, representation or relationship,
16 and with the knowledge, consent, and approval of each of the other defendants.

17
18
19
20 **FIRST CAUSE OF ACTION**
21 **(Breach of Contract)**

22 6. Plaintiffs re-allege and incorporate Paragraphs 1 through 5 above as though fully
23 set forth herein.

24 7. The Agreement between Plaintiffs and ClassicStar provides for ClassicStar to
25 make payments to the Trust in accordance with the Payment Schedule attached as Exhibit "B" to
26 the Agreement.

27 8. ClassicStar made the first payment of \$314,038.36 owed under the Agreement,
28 which payment was due as of September 15, 2005.

1 2. Defendant CLASSICSTAR FINANCIAL SERVICES, INC. (hereinafter
2 "ClassicStar"), on information and belief, is a Delaware Corporation, with its principal place of
3 business located in the State of Michigan.

4 3. On or about September 30, 2005, Plaintiffs and ClassicStar entered into a written
5 Equine and Working Interest Purchase Agreement (the "Agreement") in Santa Clara County,
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7 correct copy of the Agreement is attached hereto as Exhibit "A" and incorporated herein.

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9 otherwise, of defendants named herein as DOES 1 through 30, inclusive, and each of them, are
10 unknown to plaintiffs, who therefore sue said defendants by said fictitious names, and plaintiffs
11 will ask leave of Court to insert the true names and capacities of said DOE defendants when the
12 same have been ascertained.

13 5. At all times herein mentioned, each of the defendants was the agent, employee,
14 principal, alter ego and co-conspirator of each other, and in doing the acts herein alleged, were
15 acting within the course and scope of that agency, employment, representation or relationship,
16 and with the knowledge, consent, and approval of each of the other defendants.

17
18
19
20 **FIRST CAUSE OF ACTION**
 (Breach of Contract)

21 6. Plaintiffs re-allege and incorporate Paragraphs 1 through 5 above as though fully
22 set forth herein.

23 7. The Agreement between Plaintiffs and ClassicStar provides for ClassicStar to
24 make payments to the Trust in accordance with the Payment Schedule attached as Exhibit "B" to
25 the Agreement.

26 8. ClassicStar made the first payment of \$314,038.36 owed under the Agreement,
27 which payment was due as of September 15, 2005.

9. Pursuant to the Payment Schedule, ClassicStar was and is required to make the following additional payments:

4/1/06 - \$1,191,907.75
7/1/06 - \$ 472,360.60
10/1/06 - \$ 466,330.55
1/1/07 - \$ 460,300.50
4/1/07 - \$ 454,270.45
7/1/07 - \$ 448,240.40
10/1/07 - \$ 442,210.35
1/1/08 - \$ 436,180.30
7/1/08 - \$1,060,755.02
1/1/09 - \$1,030,377.51

10. ClassicStar has breached the Agreement by failing to make the following payments: (a) \$1,191,907.75, due on April 1, 2006; (b) \$472,360.60, due on July 1, 2006; (c) \$466,330.55, due on October 1, 2006; (d) \$460,300.50, due on January 1, 2007; and (e) \$454,270.45, due on April 1, 2007.

11. At all relevant times herein, Plaintiffs have performed all of the covenants and promises required on their part to be performed in accordance with the terms and conditions of the Agreement.

12. Based on the above breach, Plaintiffs have made a written demand on August 21, 2006 (the "Demand Letter") that ClassicStar make the payments which were due on April 1, 2006, and on July 1, 2006. A copy of the referenced Demand Letter is attached hereto as Exhibit "B".

13. ClassicStar has not responded to the Demand Letter, and has not made the April 1, 2006 payment or the July 1, 2006 payment or any subsequent payment.

14. ClassicStar's failure to even acknowledge or respond to the Demand Letter, as well as its failure to make the April 1, 2006, July 1, 2006, October 1, 2006, January 1, 2007 and April 1, 2007 payments, evidence that it is fruitless for Plaintiffs to make additional demands for additional payments which are currently owing, or which may become owing under the Agreement.

1 9. Pursuant to the Payment Schedule, ClassicStar was and is required to make the
2 following additional payments:

3 4/1/06 - \$1,191,907.75
4 7/1/06 - \$ 472,360.60
5 10/1/06 - \$ 466,330.55
6 1/1/07 - \$ 460,300.50
7 4/1/07 - \$ 454,270.45
8 7/1/07 - \$ 448,240.40
9 10/1/07 - \$ 442,210.35
10 1/108 - \$ 436,180.30
11 7/1/08 - \$1,060,755.02
12 1/1/09 - \$1,030,377.51

13 10. ClassicStar has breached the Agreement by failing to make the following
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15 \$466,330.55, due on October 1, 2006; (d) \$460,300.50, due on January 1, 2007; and (e)
16 \$454,270.45, due on April 1, 2007.

17 11. At all relevant times herein, Plaintiffs have performed all of the covenants and
18 promises required on their part to be performed in accordance with the terms and conditions of
19 the Agreement.

20 12. Based on the above breach, Plaintiffs have made a written demand on August 21,
21 2006 (the "Demand Letter") that ClassicStar make the payments which were due on April 1,
22 2006, and on July 1, 2006. A copy of the referenced Demand Letter is attached hereto as Exhibit
23 "B".

24 13. ClassicStar has not responded to the Demand Letter, and has not made the
25 April 1, 2006 payment or the July 1, 2006 payment or any subsequent payment.

26 14. ClassicStar's failure to even acknowledge or respond to the Demand Letter, as
27 well as its failure to make the April 1, 2006, July 1, 2006, October 1, 2006, January 1, 2007 and
28 April 1, 2007 payments, evidence that it is fruitless for Plaintiffs to make additional demands for
additional payments which are currently owing, or which may become owing under the
Agreement.

1 15. ClassicStar's failure to even acknowledge or respond to the Demand Letter, as
2 well as its failure to make the April 1, 2006, July 1, 2006 October 1, 2006, January 1, 2007 and
3 April 1, 2007 payments, evidence that ClassicStar has no intention of making any of the
4 remaining payments which are currently owing or which may become owing under the
5 Agreement.
6

7 16. As of the date of this complaint, there is due and owing from ClassicStar to
8 Plaintiffs the principal sum of at least \$2,130,598.90, together with interest as allowed by law.

9 17. Defendant ClassicStar, by virtue of the above conduct, has additionally repudiated
10 and/or anticipatorily breached the Agreement. As such, all payment amounts set forth on the
11 Payment Schedule are immediately due and owing.
12

13 18. As a direct and proximate result of the breach and anticipatory breach of the
14 Agreement by defendant ClassicStar, Plaintiffs have sustained damages in the principal amount
15 of at least \$6,462,933.43, together with interest as allowed by law.

16 **SECOND CAUSE OF ACTION**
17 **(Unjust Enrichment)**

18 19. Plaintiffs re-allege and incorporate Paragraphs 1 through 18 above as though fully
19 set forth herein.

20 20. By virtue of the monies invested by Plaintiffs with ClassicStar, Defendant
21 ClassicStar has been unjustly enriched by the sum of at least \$6,462,933.43, or such other and
22 greater amounts as may be proven at trial.
23

24 21. It would be unfair to allow ClassicStar to retain the benefits of the monies which
25 Plaintiffs have invested with it. To avoid any unjust enrichment to ClassicStar, Defendant
26 ClassicStar should be required to pay Plaintiffs the sum of at least \$6,462,933.43, or such other
27 and greater amounts as may be proven at trial.
28

1 15. ClassicStar's failure to even acknowledge or respond to the Demand Letter, as
2 well as its failure to make the April 1, 2006, July 1, 2006 October 1, 2006, January 1, 2007 and
3 April 1, 2007 payments, evidence that ClassicStar has no intention of making any of the
4 remaining payments which are currently owing or which may become owing under the
5 Agreement.
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7 16. As of the date of this complaint, there is due and owing from ClassicStar to
8 Plaintiffs the principal sum of at least \$2,130,598.90, together with interest as allowed by law.

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13 18. As a direct and proximate result of the breach and anticipatory breach of the
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15 of at least \$6,462,933.43, together with interest as allowed by law.
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17 **SECOND CAUSE OF ACTION**
18 **(Unjust Enrichment)**

19 19. Plaintiffs re-allege and incorporate Paragraphs 1 through 18 above as though fully
20 set forth herein.

21 20. By virtue of the monies invested by Plaintiffs with ClassicStar, Defendant
22 ClassicStar has been unjustly enriched by the sum of at least \$6,462,933.43, or such other and
23 greater amounts as may be proven at trial.

24 21. It would be unfair to allow ClassicStar to retain the benefits of the monies which
25 Plaintiffs have invested with it. To avoid any unjust enrichment to ClassicStar, Defendant
26 ClassicStar should be required to pay Plaintiffs the sum of at least \$6,462,933.43, or such other
27 and greater amounts as may be proven at trial.
28

1 WHEREFORE, plaintiffs pray judgment against defendants, and each of them, as
2 follows:

- 3 1. For damages in the amount of at least \$6,462,933.43, or such other and greater
4 amounts as may be proven at trial;
5
6 2. For an award of prejudgment and post-judgment interest as allowed by law; and
7
8 3. For such other and further relief as the Court deems just, proper and equitable.

9 DATED: April 18, 2007

BOWLES & VERNA LLP

11 By: 
12

KENNETH B. MCKENZIE
Attorneys for Plaintiffs
Peter Fortenbaugh and Betty Lee,
in their capacity as Trustees of the
Peter Fortenbaugh Trust

1 WHEREFORE, plaintiffs pray judgment against defendants, and each of them, as
2 follows:

- 3 1. For damages in the amount of at least \$6,462,933.43, or such other and greater
4 amounts as may be proven at trial;
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6 2. For an award of prejudgment and post-judgment interest as allowed by law; and
7
8 3. For such other and further relief as the Court deems just, proper and equitable.

9 DATED: April 18, 2007

BOWLES & VERNA LLP

11
12 By: 

KENNETH B. MCKENZIE
Attorneys for Plaintiffs
Peter Fortenbaugh and Betty Lee,
in their capacity as Trustees of the
Peter Fortenbaugh Trust

EXHIBIT A

EXHIBIT A

ClassicStar Financial Services Corporation

2480 W. Campus Drive, Bldg. C

Mt. Pleasant, Michigan 48858

Ph.: (989) 773-7050

Fax: (989) 773-0006

EQUINE AND WORKING INTEREST PURCHASE AGREEMENT

This Equine and Working Interest Purchase Agreement (hereinafter referred to as "Agreement") is made and entered into as of this 30 day of September, 2005, by and between ClassicStar Financial Services, Inc. of 2480 W. Campus Drive, Bldg. C, Mt. Pleasant MI 48858 (hereinafter referred to as "Buyer") and The Peter Fortenbaugh Trust, of 1106 Hamilton Avenue, Palo Alto, California 94301 (hereinafter referred to as "Investor" or the "Seller").

WHEREAS, Seller originally invested (hereinafter referred to as "Investment") and entered into certain agreements in 2001 with ClassicStar LLC (hereinafter referred to as "ClassicStar") for the express purpose of leasing and breeding Mares (hereinafter referred to as "mare lease" or "mare lease interest");

WHEREAS, pursuant to Seller's Investment, *supra*, Seller acquired certain equine breeding and ownership rights pursuant to its execution and performance of certain agreements with Buyer, including but not limited to a Mare Lease & Breeding Agreement, Boarding Agreement, Foal Agreement, Nominee Agreement, and Horse Board & Services Agreement (hereinafter collectively referred to as "Contract Documents" or "the Contract Documents"); and

WHEREAS, Seller, further pursuant to the Investment, in July 2002 converted a certain portion of their Investment, being Seven Hundred Sixty-Six Thousand One Hundred Eight Dollars (\$766,108) into the 2002 Powder River Basin Drilling Program (hereinafter referred to as "Working Interest", and collectively with "mare lease" as "Investments");

WHEREAS, the parties to this Agreement now wish to evidence the sale, transfer, assignment, delegation and assumption of all of those certain equine breeding and ownership rights, interests and duties, including, but not limited to, any living equine personal property and assets, whether registered or unregistered with any association, whether domestic or foreign (as referenced on the attached Exhibit "A"), as well as any and all working interests in the 2002 Powder River Basin Drilling Program, (hereinafter collectively referred to as "the Assets" or "Assets"), in accordance with the terms and conditions of this Agreement; and

ClassicStar Financial Services Corporation

2480 W. Campus Drive, Bldg. C

Mt. Pleasant, Michigan 48858

Ph.: (989) 773-7050

Fax: (989) 773-0006

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WHEREAS, Seller originally invested (hereinafter referred to as "Investment") and entered into certain agreements in 2001 with ClassicStar LLC (hereinafter referred to as "ClassicStar") for the express purpose of leasing and breeding Mares (hereinafter referred to as "mare lease" or "mare lease interest");

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WHEREAS, the parties to this Agreement now wish to evidence the sale, transfer, assignment, delegation and assumption of all of those certain equine breeding and ownership rights, interests and duties, including, but not limited to, any living equine personal property and assets, whether registered or unregistered with any association, whether domestic or foreign (as referenced on the attached Exhibit "A"), as well as any and all working interests in the 2002 Powder River Basin Drilling Program, (hereinafter collectively referred to as "the Assets" or "Assets"), in accordance with the terms and conditions of this Agreement; and

WHEREAS, the parties wish this agreement to act as, and provide evidence of, either by way of the entire agreement, or as required in a notice containing certain of the terms and conditions herein, a bill of Sale, Assignment and Assumption; and

NOW, THEREFORE, in consideration of the promises, mutual representations, warranties and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. TERMS

A. **Sale and Assignment.** In exchange for the payment of consideration stated herein, *infra*, Seller hereby sells, assigns, conveys, transfers and forever delivers to Buyer any and all right, title and interest of Seller in and to the assets. Seller shall retain no equine breeding and ownership interests, as well as no working interests or right to convert to shares of any other entity from the working interest, whether knowingly conveyed or not conveyed to Buyer in connection with this Agreement and not otherwise previously disposed of, that Seller acquired pursuant to the Contract Documents. Consideration shall consist of, and be paid in accordance with, the following schedule of terms:

1. **CASH:** Principal of Six Million One Hundred Thousand Dollars (\$6,100,000.00) plus interest at a rate of 6%. Interest shall begin to accrue on September 1, 2005. Said principal and interest is to be paid in the amounts and on the dates shown on the attached schedule "Exhibit B". As such, any consummation of payments pursuant to the terms and conditions of this agreement shall be specifically subject to the following:
 - a. Seller acknowledges that they (a) are competent to understand and does understand the nature of this transaction, and (b) are able to bear the economic risk.
 - b. Seller has sufficient resources and the requisite investment knowledge and experience to enter into this transaction and meets one of the qualifications for "Accredited Investor," as such term is defined under Regulation D of the Securities Act of 1933, as amended.
2. Seller shall further deliver an Assignment duly executed for all of Seller's right, title and interest in and to the Assets, in whatever form provided or requested by Buyer.

WHEREAS, the parties wish this agreement to act as, and provide evidence of, either by way of the entire agreement, or as required in a notice containing certain of the terms and conditions herein, a bill of Sale, Assignment and Assumption; and

NOW, THEREFORE, in consideration of the promises, mutual representations, warranties and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. TERMS

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2. Seller shall further deliver an Assignment duly executed for all of Seller's right, title and interest in and to the Assets, in whatever form provided or requested by Buyer.

3. The outstanding indebtedness owed to NELC, secured by the mare interests referenced in this agreement, will mature as of January 1, 2006. The sum due at that time will be One Million Three Thousand Three Hundred Seventy Dollars and Sixty-Seven Cents (\$1,003,370.67). Buyer shall pay, directly to NELC, for the benefit of Seller, that amount owed on the NELC obligation referenced herein, on or before January 1, 2006.

II. REPRESENTATIONS & WARRANTIES

A. **Seller's Representations & Warranties.** Seller hereby represents and warrants the following in connection with the execution, delivery and performance of this Agreement:

1. This offer for sale of the Assets was not solicited in any manner by the Buyer. Further this offer did not involve: (a) any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium, or broadcast via television or radio, or (b) any other form of general solicitation or advertising.
2. Seller recognizes that the Assets were not registered under the Securities Act of 1933 or other applicable state securities laws. Seller further acknowledges that Buyer was under no obligation to register the Assets or to assist Seller in complying with any exemption from registration.
3. With the exception of certain indebtedness of NELC, Seller holds of record and/or owns beneficially the Assets free and clear of any restrictions on transfer, taxes, security interests, purchase rights, contracts, commitments, restrictions, liens, security interests, pledges, encumbrances, equities, claims, or demands; therefore, Seller has and will convey to Buyer hereunder good and marketable title to all of the Assets, free and clear of all defects, liens, taxes, charges, lease or conditional sale obligations, licenses, and other encumbrances, defects or rights in third parties. The Seller has full power and authority to execute and deliver this Agreement and to perform his obligations under it.
4. The Seller has received and carefully reviewed this Agreement, and has relied solely on the terms of the agreement as contained or referenced herein.
5. Seller recognizes that this Purchase Agreement has not been reviewed, approved or disapproved by any governmental or regulatory agency, nor has any such agency passed upon the adequacy or accuracy thereof.
6. Neither the company, nor their respective directors, officers or other representatives, has made any statement, representation or warranty that in any

3. The outstanding indebtedness owed to NELC, secured by the mare interests referenced in this agreement, will mature as of January 1, 2006. The sum due at that time will be One Million Three Thousand Three Hundred Seventy Dollars and Sixty-Seven Cents (\$1,003,370.67). Buyer shall pay, directly to NELC, for the benefit of Seller, that amount owed on the NELC obligation referenced herein, on or before January 1, 2006.

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REPRESENTATIONS & WARRANTIES

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2. Seller recognizes that the Assets were not registered under the Securities Act of 1933 or other applicable state securities laws. Seller further acknowledges that Buyer was under no obligation to register the Assets or to assist Seller in complying with any exemption from registration.
3. With the exception of certain indebtedness of NELC, Seller holds of record and/or owns beneficially the Assets free and clear of any restrictions on transfer, taxes, security interests, purchase rights, contracts, commitments, restrictions, liens, security interests, pledges, encumbrances, equities, claims, or demands; therefore, Seller has and will convey to Buyer hereunder good and marketable title to all of the Assets, free and clear of all defects, liens, taxes, charges, lease or conditional sale obligations, licenses, and other encumbrances, defects or rights in third parties. The Seller has full power and authority to execute and deliver this Agreement and to perform his obligations under it.
4. The Seller has received and carefully reviewed this Agreement, and has relied solely on the terms of the agreement as contained or referenced herein.
5. Seller recognizes that this Purchase Agreement has not been reviewed, approved or disapproved by any governmental or regulatory agency, nor has any such agency passed upon the adequacy or accuracy thereof.
6. Neither the company, nor their respective directors, officers or other representatives, has made any statement, representation or warranty that in any

manner influenced or was taken into account or relied upon by Seller in deciding whether to enter into this Agreement. Seller has not, in any manner in deciding to enter into this Agreement, relied on statements by directors, officers or other representatives with respect to the Assets or the Buyer's business or prospects. Seller has decided to enter into this Agreement based on their own independent investigation and for their own purposes, which are entirely independent of any analysis of the short- or long-term value or prospects of the Assets.

7. The Seller acknowledges that the Buyer has not made any representations regarding the potential tax impact of this transaction.
8. Seller has the full capacity, power and authority to enter into this Agreement and to carry out the transactions and agreements contemplated hereby and this Agreement is binding upon Seller and is enforceable against Seller in accordance with its terms.
9. The execution and delivery of this Agreement by Seller and the sale of the Assets pursuant hereto will not conflict with, or result in a breach of or a default under, or give rise to a right of acceleration under, any agreement or instrument to which Seller is a party or by which Seller is bound, or violate any law, rule or regulation of any governmental body or agency or any order, writ, injunction or decree of any court or governmental body or agency to which Seller is subject or by which Seller is bound, save and except for that certain indebtedness which may be owed to NELC.
10. No equine or other selling or purchasing agent, broker, finder or other person acting in a similar capacity has participated on behalf of Seller in connection with the transactions contemplated by this Agreement. Seller will reimburse and indemnify the Buyer for any fees or expenses of any agent, broker, finder or other person acting in a similar manner hired or engaged by Seller.
11. Seller makes no representations or warranties to Buyer concerning the fitness of purpose of the mare interests.
12. Seller, for itself and its successors and assigns, hereby covenants and agrees that, from time to time, it shall execute and deliver, or shall cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as Buyer may reasonably deem necessary or appropriate to sell, assign, convey, transfer and deliver the interests to Buyer or to evidence any of the foregoing. This assurance includes, but is not limited, to the execution and filing of a change of ownership certificate of registration with any association or registry, if or as necessary. Seller shall also provide Buyer with a copy of any vet records and any other records in Buyer's possession which the Buyer may, from time to time, request.

manner influenced or was taken into account or relied upon by Seller in deciding whether to enter into this Agreement. Seller has not, in any manner in deciding to enter into this Agreement, relied on statements by directors, officers or other representatives with respect to the Assets or the Buyer's business or prospects. Seller has decided to enter into this Agreement based on their own independent investigation and for their own purposes, which are entirely independent of any analysis of the short- or long-term value or prospects of the Assets.

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8. Seller has the full capacity, power and authority to enter into this Agreement and to carry out the transactions and agreements contemplated hereby and this Agreement is binding upon Seller and is enforceable against Seller in accordance with its terms.
9. The execution and delivery of this Agreement by Seller and the sale of the Assets pursuant hereto will not conflict with, or result in a breach of or a default under, or give rise to a right of acceleration under, any agreement or instrument to which Seller is a party or by which Seller is bound, or violate any law, rule or regulation of any governmental body or agency or any order, writ, injunction or decree of any court or governmental body or agency to which Seller is subject or by which Seller is bound, save and except for that certain indebtedness which may be owed to NELC.
10. No equine or other selling or purchasing agent, broker, finder or other person acting in a similar capacity has participated on behalf of Seller in connection with the transactions contemplated by this Agreement. Seller will reimburse and indemnify the Buyer for any fees or expenses of any agent, broker, finder or other person acting in a similar manner hired or engaged by Seller.
11. Seller makes no representations or warranties to Buyer concerning the fitness of purpose of the mare interests.
12. Seller, for itself and its successors and assigns, hereby covenants and agrees that, from time to time, it shall execute and deliver, or shall cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as Buyer may reasonably deem necessary or appropriate to sell, assign, convey, transfer and deliver the interests to Buyer or to evidence any of the foregoing. This assurance includes, but is not limited, to the execution and filing of a change of ownership certificate of registration with any association or registry, if or as necessary. Seller shall also provide Buyer with a copy of any vet records and any other records in Buyer's possession which the Buyer may, from time to time, request.

B. **Buyer's Representations & Warranties.** Buyer hereby represents and warrants the following in connection with its execution, delivery and performance of this Agreement:

1. The Buyer has the full power and authority to enter into this Agreement and to carry out the transactions and agreements contemplated hereby and this Agreement is binding upon the Buyer and is enforceable against the Buyer in accordance with its terms.
2. The execution and delivery of this Agreement by the Buyer and the purchase of the Assets pursuant hereto will not conflict with, or result in a breach or a default under, or give rise to a right of acceleration under, any agreement or instrument to which the Buyer is a party or by which the Buyer is bound, or violate any law, rule or regulation of any governmental body or agency or any order, writ, injunction or decree of any court or governmental body or agency to which the Buyer is subject or by which the Buyer is bound.
3. The Buyer shall be liable for any expenses or other costs for which it is liable because of the terms of this agreement.
4. The Buyer covenants and promises to make all payments to Seller in accordance with the terms and conditions as stated in this agreement.
5. Buyer hereby assumes and agrees to take ownership and possession of the assets and to pay, perform and discharge all obligations and liabilities associated herewith beginning and effective the date of this Agreement. Buyer shall not be responsible for, or obligated to pay, any debts or obligations associated with the assets which arose or were accrued before the date of this Agreement.
6. Any and all obligations of Buyer per this agreement shall be secured by collateral, with said collateral secured under terms and conditions of that certain Escrow Agreement, which is separate and apart from this agreement. Any default, which terms of default shall be governed by the provision III(9), *infra*, shall be satisfied only out of proceeds of the collateral per the terms and conditions of the Escrow Agreement.
7. Buyer acknowledges that if, and only if, there is a sale or change of control of the company called Gastar Exploration Ltd. ("event"), and if the event enables Buyer to liquidate all of its Gastar shares pursuant to cash being the exclusive, material part of the event, then Buyer shall accelerate payments to Seller required herein, inclusive of interest, with said acceleration to be one lump-sum payment, totaling the remaining amount owed under this agreement, as of the date of the event which accelerates payment. Said accelerated payment shall be made no later than ninety (90) days of the date of the event.

B. **Buyer's Representations & Warranties.** Buyer hereby represents and warrants the following in connection with its execution, delivery and performance of this Agreement:

1. The Buyer has the full power and authority to enter into this Agreement and to carry out the transactions and agreements contemplated hereby and this Agreement is binding upon the Buyer and is enforceable against the Buyer in accordance with its terms.
2. The execution and delivery of this Agreement by the Buyer and the purchase of the Assets pursuant hereto will not conflict with, or result in a breach or a default under, or give rise to a right of acceleration under, any agreement or instrument to which the Buyer is a party or by which the Buyer is bound, or violate any law, rule or regulation of any governmental body or agency or any order, writ, injunction or decree of any court or governmental body or agency to which the Buyer is subject or by which the Buyer is bound.
3. The Buyer shall be liable for any expenses or other costs for which it is liable because of the terms of this agreement.
4. The Buyer covenants and promises to make all payments to Seller in accordance with the terms and conditions as stated in this agreement.
5. Buyer hereby assumes and agrees to take ownership and possession of the assets and to pay, perform and discharge all obligations and liabilities associated herewith beginning and effective the date of this Agreement. Buyer shall not be responsible for, or obligated to pay, any debts or obligations associated with the assets which arose or were accrued before the date of this Agreement.
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III GENERAL TERMS

The Seller and the Buyer agree as follows:

1. Full Conveyance. The transfer of the Assets to the Buyer shall constitute the full and final conveyance of all of Seller's right, title and interest in and to the Assets transferred.
2. Entire Agreement. This Agreement constitutes the entire agreement between the Seller and the Buyer regarding the offer and sale of the Assets, which Seller is selling, and may be amended only by a writing executed by all parties. This Agreement may not be terminated, canceled or revoked by the Seller once delivered to the Buyer and shall survive the death or disability of the undersigned, and shall be binding on the heirs and assigns of the parties hereto.
3. Counterparts, Facsimile. This Agreement may be executed in any number of counterparts, each of which shall be treated as an original but all of which, collectively, shall constitute a single instrument. This Agreement may also be executed by signatures to facsimile transmittal documents in lieu of original or machine generated or copied documents.
4. Severability. If any provision of this Agreement is illegal, invalid or unenforceable under applicable law, then that provision shall be null and void to the extent necessary to overcome the illegality, invalidity or unenforceability, and the remaining provisions of this Agreement shall not be affected, unless the severance or deletion of the provision alters the intention of the parties and the commercial efficacy of this Agreement.
5. Installments. Once Seller has received all Asset assignments in formats approved and provided by the Buyer, Buyer may delay, cancel or recover payment if all relevant asset assignments are not timely delivered and properly endorsed for transfer.
6. Governing Law. This Agreement shall be enforced, governed by and construed in all respects in accordance with the laws of the State of Michigan, without regard to conflicts of laws principles. Venue and jurisdiction shall lie exclusively within the State of Michigan for any and all claims or actions related to, arising from or in connection with this offer and Agreement. Any legal proceedings shall be vested and brought solely by either Seller or Buyer, and not as part of, or in cooperation with any other person not a party to this agreement, in any other proceeding.

III. GENERAL TERMS

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6. Governing Law. This Agreement shall be enforced, governed by and construed in all respects in accordance with the laws of the State of Michigan, without regard to conflicts of laws principles. Venue and jurisdiction shall lie exclusively within the State of Michigan for any and all claims or actions related to, arising from or in connection with this offer and Agreement. Any legal proceedings shall be vested and brought solely by either Seller or Buyer, and not as part of, or in cooperation with any other person not a party to this agreement, in any other proceeding.

7. Confidentiality. The terms and conditions of this Agreement and all matters between the Seller and the Buyer shall remain confidential and shall not be disclosed to any party without prior written permission from the Buyer, except where required by a written court order or applicable law.
8. Binding Effect. This Agreement shall be binding upon the heirs, successors and assigns of the parties hereto. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by either of the parties to this Agreement without the prior written consent of the Buyer.
9. Default. Should there be any default by Buyer pursuant to this Agreement regarding payment of any amount, Buyer shall have thirty (30) days to cure the default. If default of payment is not cured within 30 days, then Seller shall have right of recourse against collateral, governed by that certain Escrow Agreement, referenced in II(B)6, *supra*. Any other default by either Buyer or Seller not involving payment of monies shall be cured within a thirty (30) day period by best efforts of the defaulting party. If the default is not cured, then the non-defaulting party shall have right to seek redress against defaulting party in a court of competent jurisdiction pursuant to section III(6), *supra*.
10. Force Majeure. Neither party shall be considered in default hereunder or be liable for any failure to perform or delay in performing any provisions of this Agreement in the customary manner to the extent that such failure or delay shall be caused by any reason beyond its control, including an act of God; fire, explosions, hostilities or war (declared or undeclared); striking or work stoppage involving either party's employees or governmental restrictions; financial purposes; or any governmental act, provided that the party declaring force majeure shall give notice to the other party promptly and in writing of the commencement of the condition, the nature, and the termination of the force majeure condition. The party whose performance has been interrupted by such circumstances shall use every reasonable means to resume full performance of this Agreement as promptly as possible.

SELLER SPECIFICALLY RELEASES THE BUYER FROM ANY AND ALL MANNER OF ACTION, CAUSES OF ACTION, CLAIMS, CHARGES, SUITS, DAMAGES, DEMANDS AND OBLIGATIONS OR LIABILITIES OF WHATSOEVER NATURE, WHETHER IN LAW OR IN EQUITY, FOR ANY CLAIMS FOR LOST PROFITS OR LOST OPPORTUNITY RELATED TO SELLER'S OFFER AND SALE OF THE ASSETS TO THE BUYER.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the 20 day of September, 2005.

7. Confidentiality. The terms and conditions of this Agreement and all matters between the Seller and the Buyer shall remain confidential and shall not be disclosed to any party without prior written permission from the Buyer, except where required by a written court order or applicable law.
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10. Force Majeure. Neither party shall be considered in default hereunder or be liable for any failure to perform or delay in performing any provisions of this Agreement in the customary manner to the extent that such failure or delay shall be caused by any reason beyond its control, including an act of God; fire, explosions, hostilities or war (declared or undeclared); striking or work stoppage involving either party's employees or governmental restrictions; financial purposes; or any governmental act, provided that the party declaring force majeure shall give notice to the other party promptly and in writing of the commencement of the condition, the nature, and the termination of the force majeure condition. The party whose performance has been interrupted by such circumstances shall use every reasonable means to resume full performance of this Agreement as promptly as possible.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the 20 day of September, 2005.

Seller:

THE PETER FORTENBAUGH TRUST

Witness:

Kathryn Bourne

Peter Fortenbaugh, Trustee

P. Fortenbaugh

Social Security or other Taxpayer I.D. No.: 188-48-2394

Witness:

Kathryn Bourne

Betty Lee, Trustee

B. Lee

Social Security or other Taxpayer I.D. No.: 572-81-7089

ACCEPTED AND AGREED:

ClassicStar Financial Services, Inc., a Delaware corporation ("the Company")

By: _____

Its: _____

Dated: September ____, 2005

Please mail or otherwise deliver two (2) executed copies of this Agreement to:

CLASSICSTAR FINANCIAL SERVICES, INC.
2480 W. Campus Drive, Bldg. C
Mt. Pleasant, Michigan 48858
Phone: (989) 773-7050
Fax: (989) 773-0006

Seller:

THE PETER FORTENBAUGH TRUST

Witness:

Kathryn Boun

Peter Fortenbaugh, Trustee

P. Fortenbaugh

Social Security or other Taxpayer I.D. No.: 188-482394

Witness:

Kathryn Boun

Betty Lee, Trustee

B. Lee

Social Security or other Taxpayer I.D. No.: 572817089

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By: _____

Its: _____

Dated: September ____, 2005

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CLASSICSTAR FINANCIAL SERVICES, INC.

2480 W. Campus Drive, Bldg. C

Mt. Pleasant, Michigan 48858

Phone: (989)773-7050

Fax: (989)773-0006

EXHIBIT A
EQUINE INTERESTS
ALLOCATION OF PURCHASE PRICE

DESCRIPTION OF EQUINE INTERESTS	AGREED ALLOCATION OF PURCHASE PRICE
TOTAL PURCHASE PRICE	\$6,100,000.00

EXHIBIT A
EQUINE INTERESTS
ALLOCATION OF PURCHASE PRICE

DESCRIPTION OF EQUINE INTERESTS	AGREED ALLOCATION OF PURCHASE PRICE
TOTAL PURCHASE PRICE	\$6,100,000.00

EXHIBIT B
PAYMENT SCHEDULE

Beginning September 15, 2005.

<u>DATE</u>	<u>PAYMENT</u>
9/15/05	\$314,038.36
4/1/06	\$1,191,907.75
7/1/06	\$472,360.60
10/1/06	\$466,330.55
1/1/07	\$460,300.50
4/1/07	\$454,270.45
7/1/07	\$448,240.40
10/1/07	\$442,210.35
1/1/08	\$436,180.30
7/1/08	\$1,060,755.02
1/1/09	\$1,030,377.51

EXHIBIT B
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1/1/09	\$1,030,377.51

EXHIBIT B

EXHIBIT B



DAVID W. SCOFIELD
ATTORNEY AT LAW

PETERS SCOFIELD PRICE
A PROFESSIONAL CORPORATION

dws@psplawyers.com

August 21, 2006

ClassicStar Financial Services, Inc.
2480 West Campus Drive Building C
Mt. Pleasant, Michigan 48858

Re: *Demand For Payment- Equine and Working Interest Purchase
Agreement - The Peter Fortenbaugh Trust*

Dear Sirs:

This law firm has been engaged by The Peter Fortenbaugh Trust (the "Trust") to resolve the existing default under the referenced Equine and Working Interest Purchase Agreement and to demand payment for all sums due and owing under such instrument. Should ClassicStar Financial Services, Inc. ("ClassicStar") not be in a position to cure its default immediately, I have been authorized to pursue the possibility of negotiating a modification of the existing agreement or, alternatively, to take all such action as may be necessary to collect.

This letter constitutes notice of default of the April 1, 2006 payment in the sum of \$1,191,907.75 and the July 1, 2006 payment in the sum of 472,360.60. If such default is not cured within 30 days of today's date, or in other words, on or before Monday, September 18, 2006, the Trust shall exercise any and all remedies at law or in equity that it may have available to it, for such default and *ex contractu*. If ClassicStar desires to engage in an amicable resolution to this dispute, however, please let me know when you would be available to discuss these matters.

Very truly yours,

PETERS SCOFIELD PRICE
A Professional Corporation

A large, stylized handwritten signature in black ink, appearing to read 'David W. Scofield', is written over the typed name and extends to the right with a long, sweeping flourish.

David W. Scofield

DWS:t



DAVID W. SCOFIELD
ATTORNEY AT LAW

PETERS SCOFIELD PRICE
A PROFESSIONAL CORPORATION

dws@psplawyers.com

August 21, 2006

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David W. Scofield

DWS:t

ATTACHMENT A

CIVIL LAWSUIT NOTICE

Superior Court of California, County of Santa Clara
191 N. First St., San Jose, CA 95113

CASE NUMBER: 107CV084507**READ THIS ENTIRE FORM**

PLAINTIFFS (the person(s) suing): Within 60 days after filing the lawsuit, you must serve each defendant with the *Complaint, Summons, an Alternative Dispute Resolution (ADR) Information Sheet*, and a copy of this *Civil Lawsuit Notice*, and you must file written proof of such service.

DEFENDANTS (the person(s) being sued): You must do each of the following to protect your rights:

1. You must file a written response to the Complaint, in the clerk's office of the Court, within 30 days of the date the *Summons and Complaint* were served on you;
2. You must send a copy of your written response to the plaintiff; and
3. You must attend the first Case Management Conference.

Warning: If you do not do these three things, you may automatically lose this case.

RULES AND FORMS: You must follow the California Rules of Court (CRC) and the Santa Clara County Superior Court Local Civil Rules and use proper forms. You can get legal information, view the rules and get forms, free of charge, from the Self-Service Center at 99 Notre Dame Avenue, San Jose (408-882-2900 x-2926), or from:

- State Rules and Judicial Council Forms: www.courtinfo.ca.gov/forms and www.courtinfo.ca.gov/rules
- Local Rules and Forms: www.sccsuperiorcourt.org/civil/rule1toc.htm
- Rose Printing, 49 N. First St., San Jose (408-293-8177)

For other local information, visit the Court's Self-Service website www.sccselfservice.org and select "Civil."

CASE MANAGEMENT CONFERENCE (CMC): You must meet with the other parties and discuss the case, in person or by telephone, at least 30 calendar days before the CMC. You must also fill out, file and serve a *Case Management Statement* (Judicial Council form CM-110) at least 15 calendar days before the CMC. You or your attorney must appear at the CMC. You may ask to appear by telephone – see Local Civil Rule 8.

Your Case Management Judge is: Neal A Cabrinha DEPT: 10

The first CMC is scheduled as follows: (Completed by Clerk of Court)

Date: SEP 04 2007 Time: 3:45 PM Dept.: 10

The next CMC is scheduled as follows: (Completed by party if the first CMC was continued or has passed)

Date: _____ Time: _____ Dept.: _____

ALTERNATIVE DISPUTE RESOLUTION (ADR): If all parties have appeared and filed a completed *ADR Stipulation Form* (local form CV-5008) at least 15 days before the CMC, the Court will cancel the CMC and mail notice of an ADR Status Conference. Visit the Court's website at www.sccsuperiorcourt.org/civil/ADR/ or call the ADR Administrator (408-882-2100 x-2156) for a list of ADR providers and their qualifications, services, and fees.

WARNING: Sanctions may be imposed if you do not follow the California Rules of Court or the Local Rules of Court.

CIVIL LAWSUIT NOTICE

Superior Court of California, County of Santa Clara
191 N. First St., San Jose, CA 95113

CASE NUMBER: 107CV0084507

ATTACHMENT A

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SUPERIOR COURT OF CALIFORNIA, COUNTY OF SANTA CLARA
ALTERNATIVE DISPUTE RESOLUTION
INFORMATION SHEET / CIVIL DIVISION

Many cases can be resolved to the satisfaction of all parties without the necessity of traditional litigation, which can be expensive, time consuming, and stressful. The Court finds that it is in the best interests of the parties that they participate in alternatives to traditional litigation, including arbitration, mediation, neutral evaluation, special masters and referees, and settlement conferences. Therefore, all matters shall be referred to an appropriate form of Alternative Dispute Resolution (ADR) before they are set for trial, unless there is good cause to dispense with the ADR requirement.

What is ADR?

ADR is the general term for a wide variety of dispute resolution processes that are alternatives to litigation. Types of ADR processes include mediation, arbitration, neutral evaluation, special masters and referees, and settlement conferences, among others forms.

What are the advantages of choosing ADR instead of litigation?

ADR can have a number of advantages over litigation:

- < ADR can save time. A dispute can be resolved in a matter of months, or even weeks, while litigation can take years.
- < ADR can save money. Attorney's fees, court costs, and expert fees can be reduced or avoided altogether.
- < ADR provides more participation. Parties have more opportunities with ADR to express their interests and concerns, instead of focusing exclusively on legal rights.
- < ADR provides more control and flexibility. Parties can choose the ADR process that is most likely to bring a satisfactory resolution to their dispute.
- < ADR can reduce stress. ADR encourages cooperation and communication, while discouraging the adversarial atmosphere of litigation. Surveys of parties who have participated in an ADR process have found much greater satisfaction than with parties who have gone through litigation.

What are the main forms of ADR offered by the Court?

- < Mediation is an informal, confidential process in which a neutral party (the mediator) assists the parties in understanding their own interests, the interests of the other parties, and the practical and legal realities they all face. The mediator then helps the parties to explore options and arrive at a mutually acceptable resolution of the dispute. The mediator does not decide the dispute. The parties do.
- < Mediation may be appropriate when:
 - < The parties want a non-adversary procedure
 - < The parties have a continuing business or personal relationship
 - < Communication problems are interfering with a resolution
 - < There is an emotional element involved
 - < The parties are interested in an injunction, consent decree, or other form of equitable relief

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF SANTA CLARA
ALTERNATIVE DISPUTE RESOLUTION
INFORMATION SHEET / CIVIL DIVISION**

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EXHIBIT C

CIV-110

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address): Fred M. Blum, SBN 1015860 (415) 397-9006 BASSI, MARTINI, EDLIN & BLUM LLP 351 California Street, Suite 200 San Francisco, California 94104-2412 ClassicStar Financial Services, Inc. & First Source Wyoming, Inc.		TELEPHONE NO: (415) 397-9006	
ATTORNEY FOR (Name): Santa Clara County		ENDORSED FOR COURT USE ONLY 08 AUG 12 PM 4:08 David H. Yamasaki, Clerk of the Superior Court Santa Clara County, California G. Duarte	
PLAINTIFF/PETITIONER: Peter and Betty Lee Fortenbaugh, as Trustees for The Peter Fortenbaugh Trust DEFENDANT/RESPONDENT: ClassicStar Financial Services, Inc.			
REQUEST FOR DISMISSAL <input type="checkbox"/> Personal Injury, Property Damage, or Wrongful Death <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other <input type="checkbox"/> Family Law <input type="checkbox"/> Eminent Domain ClassicStar Financial Services Inc. for <input checked="" type="checkbox"/> Other (specify): Breach of Contract; Unjust Enrichment		CASE NUMBER: 107 CV 084507	

- A conformed copy will not be returned by the clerk unless a method of return is provided with the document. -

1. TO THE CLERK: Please dismiss this action as follows:

a (1) ☐ With prejudice (2) ☒ Without prejudiceb (1) ☐ Complaint (2) ☐ Petition(3) ☒ Cross-complaint filed by (name): Classicstar Financial Services, Inc

on (date): 7/9/2007

(4) ☐ Cross-complaint filed by (name):

on (date):

(5) ☐ Entire action of all parties and all causes of action(6) ☐ Other (specify):*

BY FAX

Date: 8-12-08

Fred M. Blum, SBN 1015860

(TYPE OR PRINT NAME OF ☒ ATTORNEY ☐ PARTY WITHOUT ATTORNEY)

(SIGNATURE)

Attorney or party without attorney for:

* If dismissal requested is of specified parties only of specified causes of action only, or of specified cross-complaints only, so state and identify the parties, causes of action, or cross-complaints to be dismissed

☐ Plaintiff/Petitioner ☐ Defendant/Respondent
☒ Cross-complainant

2 TO THE CLERK: Consent to the above dismissal is hereby given **

Date:

(TYPE OR PRINT NAME OF ☐ ATTORNEY ☐ PARTY WITHOUT ATTORNEY)

(SIGNATURE)

Attorney or party without attorney for:

** If a cross-complaint or Response (Family Law) seeking affirmative relief is on file, the attorney for cross-complainant (respondent) must sign this consent consent if required by Code of Civil Procedure section 581(i) or (j)

☐ Plaintiff/Petitioner ☐ Defendant/Respondent
☐ Cross-complainant

(To be completed by clerk)

3. ☒ Dismissal entered as requested on (date):4. ☐ Dismissal entered on (date): as to only (name):5. ☐ Dismissal not entered as requested for the following reasons (specify):6. ☒ a. Attorney or party without attorney notified on (date):

b. Attorney or party without attorney not notified Filing party failed to provide

☐ a copy to conform ☐ means to return conformed copy

Date:

AUG 12 2008
Clerk, by

Page 1 of 1

EXHIBIT D

CIV-110

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address) Fred M. Blum, SBN 1015860 (415) 397-9006 BASSI, MARTINI, EDLIN & BLUM LLP 351 California Street, Suite 200 San Francisco, California 94104-2412 First Source Wyoming, Inc. & Classicstar Financial Services, Inc. ATTORNEY FOR (Name): Inset name of court and name of judicial district and branch court, if any: Santa Clara County		TELEPHONE NO. ENDORSED FILED 08 AUG 12 PM 4:07 David H. Yamasaki, Clerk of the Superior Court Santa Clara County, California By: <u>G. Duarte</u> Deputy Clerk	
PLAINTIFF/PETITIONER: Peter and Betty Lee Fortenbaugh, as Trustees for The Peter Fortenbaugh Trust DEFENDANT/RESPONDENT: ClassicStar Financial Services, Inc.		CASE NUMBER: 107 CV 084507	
REQUEST FOR DISMISSAL <input type="checkbox"/> Personal Injury, Property Damage, or Wrongful Death <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other <input type="checkbox"/> Family Law <input type="checkbox"/> Eminent Domain First Source Wyoming, Inc. cause of <input checked="" type="checkbox"/> Other (specify): action for Unjust Enrichment - A conformed copy will not be returned by the clerk unless a method of return is provided with the document. -			

1 TO THE CLERK: Please dismiss this action as follows:

- a (1) ☐ With prejudice (2) ☒ Without prejudice
- b (1) ☐ Complaint (2) ☐ Petition
 (3) ☒ Cross-complaint filed by (name): First Source Wyoming, Inc
 (4) ☐ Cross-complaint filed by (name):
 (5) ☐ Entire action of all parties and all causes of action
 (6) ☐ Other (specify):

on (date): 7/9/2007
 on (date):

BY FAX

Date: 8-14-08

Fred M. Blum, SBN 1015860

 (TYPE OR PRINT NAME OF ☐ ATTORNEY ☐ PARTY WITHOUT ATTORNEY)

 (SIGNATURE)
 Attorney or party without attorney for:

- If dismissal requested is of specified parties only of specified causes of action only, or of specified cross-complaints only, so state and identify the parties, causes of action or cross-complaints to be dismissed

☐ Plaintiff/Petitioner ☐ Defendant/Respondent
☒ Cross-complainant

2 TO THE CLERK: Consent to the above dismissal is hereby given **

Date:

 (TYPE OR PRINT NAME OF ☒ ATTORNEY ☐ PARTY WITHOUT ATTORNEY)

 (SIGNATURE)
 Attorney or party without attorney for:

** If a cross-complaint or Response (Family Law) seeking affirmative relief is on file, the attorney for cross-complainant (respondent) must sign this consent consent as required by Code of Civil Procedure section 581(f) or (g)

☐ Plaintiff/Petitioner ☐ Defendant/Respondent
☒ Cross-complainant

(To be completed by clerk)

3. ☒ Dismissal entered as requested on (date): AUG 12 2008
 4. ☐ Dismissal entered on (date): as to only (name):
 5. ☐ Dismissal not entered as requested for the following reasons (specify):

6. ☐ a Attorney or party without attorney notified on (date): AUG 12 2008
 b Attorney or party without attorney not notified Filing party failed to provide
☐ a copy to conform ☐ means to return conformed copy

Date:

AUG 12 2008

Clerk, by

Deputy

 DAVID H. YAMASAKI
 Chief Executive Officer, Clerk

G. Duarte

EXHIBIT E

FRED M. BLUM, ESQ. (SBN 1015860)
 RUBEN RUIZ, ESQ. (SBN 241729)
 BASSI, MARTINI, EDLIN & BLUM LLP
 351 California Street, Suite 200
 San Francisco, CA 94104
 Telephone: (415) 397-9006
 Facsimile: (415) 397-1339

Attorneys for Defendant
 GEOSTAR CORPORATION, GEOSTAR FINANCIAL SERVICES CORPORATION, AND
 TONY FERGUSON

SUPERIOR COURT OF THE STATE OF CALIFORNIA
 IN AND FOR THE COUNTY OF SANTA CLARA

PETER FORTENBAUGH and BETTY LEE,)
 in their capacity as Trustees of THE PETER)
 FORTENBAUGH TRUST, a California Trust,)

Plaintiffs,

vs.

CLASSICSTAR FINANCIAL SERVICES,)
 INC., a Delaware Corporation, GEOSTAR)
 CORPORATION, a Delaware Corporation,)
 GEOSTAR FINANCIAL SERVICES)
 CORPORATION, a Delaware Corporation,)
 TONY FERGUSON, an individual, and DOES)
 1 through 30, inclusive,)

Defendants.)

Case No. 107CV084507

**GEOSTAR CORPORATION, GEOSTAR
 FINANCIAL SERVICES
 CORPORATION, AND TONY
 FERGUSON'S NOTICE OF REMOVAL
 OF CASE TO FEDERAL COURT**

United States District Court- Northern District
 of California
 Case No.

**TO THE CLERK OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN
 AND FOR THE COUNTY OF SANTA CLARA:**

PLEASE TAKE NOTICE that Defendants GEOSTAR CORPORATION, GEOSTAR
 FINANCIAL SERVICES CORPORATION, and TONY FERGUSON (collectively "NEW
 DEFENDANTS"), have filed a Notice of Removal of this action from this Court to the United
 States District Court for the Northern District of California, 280 South 1st Street, San Jose,
 California 95113. Attached hereto and incorporated herein by reference are true and correct
 copies of that Notice of Removal, the supporting Declarations of Ruben Ruiz Milton J. Evans,

1 Jr., and Tony Ferguson, Co-Defendant CLASSICSTAR FINANCIAL SERVICES, INC.'s
2 Joinder to Geostar Corporation, Geostar Financial Services Corporation, and Tony Ferguson's
3 Notice of Removal of Plaintiff's First Amended Complaint to Federal Court, and Geostar
4 Corporation, Geostar Financial Services Corporation, and Tony Ferguson's Request for Judicial
5 Notice.

6 The Superior Court of the State of California for the County of Santa Clara is hereby
7 advised to proceed no further with this matter unless and until the case is remanded.

8
9
10 Date: August __, 2008

BASSI, MARTINI, EDLIN & BLUM LLP

11
12 By: _____

13 RUBEN P. RUIZ

14 Attorneys for Defendant

15 GEOSTAR CORPORATION, GEOSTAR
16 FINANCIAL SERVICES CORPORATION,
17 AND TONY FERGUSON'S
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Re: **PETER FORTENBAUGH and BETTY LEE, in their capacity as Trustees of THE PETER FORTENBAUGH TRUST, a California Trust v. CLASSICSTAR FINANCIAL SERVICES, INC., a Delaware Corporation and DOES 1 through 30, inclusive**
Santa Clara County Superior Court Case No. 107CV084507

PROOF OF SERVICE – CCP §1013(a)(3)

STATE OF CALIFORNIA/COUNTY OF San Francisco

I am a citizen of the United States and an employee in the County of San Francisco. I am over the age of eighteen (18) years and not a party to the within action. My business address is BASSI, MARTINI, EDLIN & BLUM LLP, 351 California Street, Suite 200, San Francisco, California 94104.

On the date set forth below, I served the within:

DECLARATION OF RUBEN RUIZ IN SUPPORT OF DEFENDANTS GEOSTAR CORPORATION, GEOSTAR FINANCIAL SERVICES CORPORATION, AND TONY FERGUSON'S NOTICE FOR REMOVAL TO FEDERAL COURT

on the following parties:

HOWARD RICE, et al.
 Jeremy Kamras, Esq.
 Three Embarcadero Center, 7th Floor
 San Francisco, CA 94111-4021

X BY PERSONAL SERVICE: I caused a copy of said documents to be hand delivered to the interested party at the address set forth above.

BY MAIL: I caused such envelope to be deposited in the mail at San Francisco, California. I am readily familiar with the firm's practice for collection and processing of correspondence for mailing. It is deposited with the U.S. Postal Service on that same day in the ordinary course of business.

BY FEDERAL EXPRESS: I caused such envelope to be deposited in the appropriate Federal Express envelope, to the Federal Express office located at 120 Bush Street, San Francisco, California 94104, to be delivered by the next business day. I am readily familiar with the firm's practice for collection and processing of correspondence for transmittal by Federal Express. It is deposited with Federal Express on that same day in the ordinary course of business.

BY FACSIMILE: I caused said documents to be sent via facsimile to the interested party at the facsimile number set forth below.

I declare under penalty of perjury that the foregoing is true and correct and that this document is executed on August 14, 2008, at San Francisco, California.


 ALISHA C. PEMBER